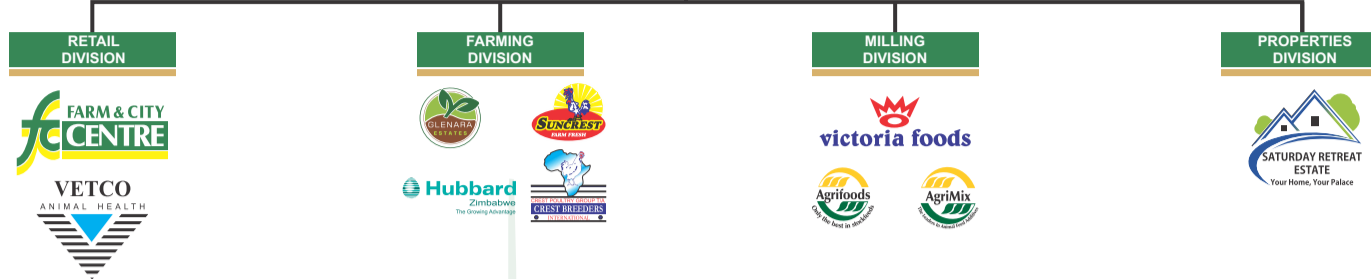


CFI HOLDINGS LIMITED

Abridged Report To Shareholders For The Year Ended 30 September 2021



Directors' Responsibility

The Company's Directors are responsible for the preparation and fair presentation of the Group's financial statements, of which this press release represents an extract. The principal accounting policies applied in the preparation of these financial statements are consistent with those applied in the previous annual financial statements. No significant changes arise from new and revised IFRS which became effective for reporting periods commencing on or after 1 January 2021.

Cautionary Statement - Reliance on all Financial Statements prepared in Zimbabwe for 2019-2021

The Directors would like to advise users to exercise caution in their use of these financial statements due to the material and pervasive impact of the technicalities arising from functional currency changes in February 2019, its consequent impact on the usefulness of the financial statements for 2019 - 2021 financial periods combined with the adoption of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), effective 1 July 2019.

Whilst Directors have exercised due care and applied reasonable judgements they deem appropriate in the preparation and presentation of these financial statements, the Directors advise the need for interpretation caution and remind users that there are significant challenges in ascertaining the underlying business performance in an environment of hyperinflation, multiple exchange rates and rapid changes in economic policies. The audit opinion on these financial statements has been modified by the independent auditors, Baker Tilly Zimbabwe Chartered Accountants as indicated in the audit opinion statement below.

Adoption of IAS 29 (Financial Reporting in hyperinflationary economies)

Effective July 2019, the Public Accountants and Auditors Board (PAAB) advised that conditions for adopting IAS 29 were satisfied. IAS 29 requires that inflation-adjusted financial statements become the entity's primary financial statements. Historical cost financial statements have been presented only as complementary financial information.

External Auditor's Audit Opinion

These abridged Group financial statements have been audited by the Group's external auditors, Baker Tilly Chartered Accountants (Zimbabwe), who have issued an adverse opinion. The auditor's report on the Group's financial statements, is available for inspection at the Company's registered office. The engagement partner on the audit is Mr. Courage Matsa (PAAB Number 607).

Economic Environment

The economic environment continued to be restrained by the impact of the COVID-19 pandemic as the country traded under varying degrees of lockdowns throughout the year. Fortunately, for the greater part of the year, the Group's businesses operated under normal trading conditions. The economic improvements registered at the beginning of the year, characterized by relatively stable exchange rates and declining inflation were negated by the impact of policy interventions taken through Statutory Instrument 127 of 2021, which saw Government impose fines and go as far as arresting business executives for alleged failure to adhere to updated foreign currency regulations. The increasing backlog in the disbursement of foreign currency allocated on the auction market resulted in market confidence declining, and the widening of the gap between the auction market exchange rate and the alternative market rates.

Annual inflation slowed down significantly to 52% by 30 September 2021 (Sept. 2020: 659%), whilst average monthly inflation declined to 3.9%, from 18.9% in the previous year. As the multi-currency regime continued, exchange rate dynamics in the economy influenced foreign currency liquidity and the proportion of foreign currency transactions in the formal market. The good 2020/2021 agricultural season and tobacco season impacted positively on consumer disposable incomes and this translated to improvements in aggregate demand in the economy, which were felt through strong sales volume growth across the Group's various products.

Financial Performance

The alternative market exchange rates premium over auction rates ranged between 15% and 95% during the period. This unfortunately imposed significant performance translation challenges on both historical and inflation adjusted accounts, given the conflict between IFRS and statutes. The distortions largely affect recorded revenues and profit for the period. The Group has under the circumstances limited its commentary to historical performance only.

Group historical revenues for the year increased by 308%, from ZWL 1.92 billion in the previous year, to ZWL 7.83 billion. The increase is partly attributable to aggregate demand improvement during the period following a good 2020/21 summer cropping season and a better 2021 tobacco season. The Group registered an average 80% increase in volumes sold in most of its key product lines. Victoria Foods was consolidated during the period following its exit from judicial management. Retail Operations contributed 91.4% (2020 - 96.9%), whilst milling operations (Victoria Foods) contributed 4.9%, and farming operations accounted for 3.7% (2020 - 3.1%) of the Group turnover.

The Group registered an operational income before depreciation, impairment and financing cost of ZWL494.6 million compared to ZWL603.2 million in prior year. The deterioration in performance is partly attributable to the impact of margin compressions following the economy's stabilization relative to prior year and in part a direct result of performance mistranslations imposed by the growing disparity between the auction rates and alternative market rates. The Group incurred higher depreciation expenses at ZWL 29.6 million against ZWL 7.9 million incurred in the prior period following the asset portfolio's revaluation at the end of prior year as well as the impact of capital expenditure of ZWL107.0 million incurred in the current year.

Interest expenses and mark to market financing costs declined by 35% to ZWL158.2 million, down from ZWL193.8 million incurred in prior year. The Group registered a profit before tax of ZWL306.9 million against ZWL401.6 million for prior year.

The Group invested ZWL107 million (2020 - ZWL34.1 million) in capital expenditure for the different Strategic Business Units (SBUs). This expenditure covered refurbishments of various Farm & City Centre shops and piggery, poultry and irrigation infrastructure at Glenara Estates. Cashflows from operating activities increased due to an increase in the stockholding of retail merchandise.

Operations Review

FARM & CITY

The introduction of the foreign currency auction system and the use of the United States Dollar (USD) as a mode of payment reinforced stability and assisted the business in sourcing various merchandise efficiently. Key revenue drivers' sales volumes improved by 84% relative to the prior period, due to a resurgence in construction activities, the relatively good 2020/2021 rain season and an improvement in product range. The improved performance is also accredited to growing demand for Agrifoods' stockfeed lines after its exit from judicial management in the prior year.

During the year, FCC opened new branches in Msasa and Masvingo, reopened Nyazura and Chipangayi branches, and refurbished the Bindura and Zvishavane branches in order to increase the trading space and range. The Harare Kenneth Kaunda branch has been converted into a Builders City and will open its doors to the public in the second quarter of FY2022.

GLENARA ESTATES

The Estate harvested 538 tonnes of soya beans and 4 173 tons of maize in the 2020/21 season. Farm profitability improved on the back of a 120% increase in table potato production during the period and improvement in yields as a result of the good rain season. The Estate invested further in irrigation infrastructure and critical farming equipment to underpin horticultural, piggery and poultry production going into the future.

In addition, pen fattening operations commenced in the last quarter of the year, while the farm's breeding capacity was maxed during the period.

PROPERTY DEVELOPMENT

SATURDAY RETREAT

An encouraging number of residents who had previously fallen into arrears on payments for their stands continued to regularise their payments and sign legal agreements in preparation for the development phase of the project. Town planning permits secured in prior year and other development preliminaries being pursued in the year will assist the Group in giving impetus to the development stage of the project.

SUNCREST PARK (FORMERLY MAITLANDS ZIMBABWE)

Crest Breeders continued to collect instalment payments for stand purchases during the period. During the period, the Group progressed preparations of title surveys and completion of engineering drawings.

LANGFORD ESTATES

The legal proceedings remain pending before the relevant tribunals. The market will be updated with further progress in due course.

MILLING OPERATIONS

AGRIFOODS

Stockfeed sales volumes doubled during the period on the back of recoveries in lost market share and encouraging success in targeted medium to large scale commercial farmers.

VICTORIAFOODS

The Company operated under care and maintenance for the greater part of the period until its exit from judicial management in September 2021. This marked an important milestone to the return of the Board's full control over all of its subsidiaries.

The Group looks forward to assuming its role in underpinning food security in the country and restoring equity in brands the market was used to under Victoria Foods, combined with innovations in product quality and performance.

POULTRY DIVISION

Crest Poultry Group's units Crest Breeders, Hubbard Zimbabwe and Suncrest Chickens remained under care and maintenance during the period. Joint ventures leveraging the Group's poultry infrastructure and brands are still being pursued.

IMPACT OF COVID 19 ON BUSINESS CONTINUITY AND STATEMENT OF SOLVENCY

The Group continues to enforce observance of WHO approved COVID-19 protocols throughout its operations in order to safeguard the health and welfare of its staff, customers, suppliers and all stakeholders.

It is difficult to assess, with absolute certainty, the full impact the pandemic will have on the Group's financial performance for the forthcoming financial period on the Business Continuity and Statement of Solvency. As of reporting date, the financial status of the Group remains healthy, and the impact of the COVID-19 pandemic has not created any issues from a solvency or liquidity perspective. Regrettably, the Group lost two of its staff members to COVID-19. Our thoughts and condolences are with their families.

Future Prospects

The return to the Board's control of all the Group's subsidiaries is a critical milestone in the Group's turnaround efforts. The Group is committed to playing its role in anchoring and underpinning food security in the country. Additional funds have been mobilized to recapitalize Victoria Foods, Agrifoods and the Poultry Division SBUs. The Group looks forward to Government's assistance in resolving some legacy value chain constraints in the interest of supporting the resurgence of local agricultural production.

Priority will also be given to the development of low-cost housing delivery in Harare South in support of Government's Vision 2030 on housing. The scourge of land barons will need resolution to make way for progressive and orderly infrastructure deployment and service delivery to the various settlements. The Group has committed funding in FY2022 to fortify its land development portfolios.

The Board is encouraged by the positive trajectory the economy is on, and hopes that the mild resurgence in inflationary pressures will be contained through further policy alignments, collaborative dialogue with industry and other stakeholders in order to restore business confidence and safeguard significant achievements attained since the introduction of the auction system.

Your Board will be focused on strengthening its human capital base, improving business models to be adaptive to the changing environment and strengthening its operational systems in order to grow the businesses for shareholders' benefit.

UPDATE ON COMPANY LISTING SUSPENSION

The Company's suspension from trading on the Zimbabwe Stock Exchange (ZSE) was lifted on 6 October 2021, and trading in the Group's shares resumed on the 11th of October 2021. The Group's shareholders were directed to correct the residual matter concerning the free float threshold requirement in a period not exceeding 5 years in line with the provisions of SI 134 of 2019.

Acknowledgement and Appreciation

I wish to record my sincere appreciation to Management and Staff for their fortitude and resilience in serving the customers' various needs notwithstanding the challenges imposed by the ongoing COVID-19 pandemic. I also wish to thank our customers, staff, suppliers and financiers for their enduring support to the Group which has made this turnaround and consolidation to date possible. Lastly, I would also like to record my gratitude and appreciation to my fellow Board members for their valuable contributions, guidance and stewardship.



Ms. IV Pasi
Chairperson

DIVIDEND DECLARATION

In view of the significant resources needed to further capitalize Agrifoods and Victoria Foods, your Board will not declare a dividend for the year ended 30 September 2021.

P. Hare
COMPANY SECRETARY
BY ORDER OF THE BOARD
28 December 2021

ABRIDGED GROUP CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Notes	INFLATION ADJUSTED Year to		HISTORICAL Year to	
	30 Sep. 2021 ZWL	30 Sep. 2020 ZWL	30 Sep. 2021 ZWL	30 Sep. 2020 ZWL
Turnover	9,271,492,860	5,133,050,410	7,797,485,774	1,856,851,788
Change in fair value of biological assets	28,642,491	72,642,534	36,528,365	63,472,856
Revenue	9,300,135,351	5,205,692,944	7,834,014,139	1,920,324,644
Operating income before depreciation, impairment and financing costs	101,231,848	541,248,201	494,623,962	603,197,724
Depreciation expense	(109,919,577)	(84,134,146)	(29,594,310)	(7,903,214)
Share of profits from joint ventures	2,173,664	14,365,233	129,035	103,609
Finance costs and mark-to-market losses	(199,176,029)	(483,305,546)	(158,217,308)	(193,831,878)
Monetary gain	8,875,485	606,204,496	-	-
(Loss) profit before tax	(196,814,609)	594,378,238	306,941,379	401,566,241
Income tax expense	(190,474,727)	(263,823,143)	(110,529,667)	(126,046,955)
(Loss) profit for the period	(387,289,336)	330,555,095	196,411,712	275,519,286
Other comprehensive income				
Effects of changes in tax rates	-	6,891,216	-	597,281
Gain on property revaluation net of taxes	-	-	732,402,502	1,009,448,510
Gain on equity investment designated as at FVTOCI	-	-	68,422,366	115,274,900
Total other comprehensive income		6,891,216	800,824,868	1,125,320,691
Total comprehensive (loss) income	(387,289,336)	337,446,311	997,236,580	1,400,839,977
(Loss) profit attributable to:				
Equity holders of the parent	(387,289,336)	330,555,095	196,411,712	275,519,286
Total comprehensive (loss) income attributable to:				
Equity holders of the parent	(387,289,336)	337,446,311	997,236,580	1,400,839,977
Basic (losses) earnings per share (cents)	(362.56)	309.45	183.87	257.93
Diluted (losses) earnings per share (cents)	(362.56)	309.45	183.87	257.93
Headline (losses) earnings per share (cents)	(362.56)	309.45	183.87	257.93
Net asset value per share (cents)	2,657.93	2,936.45	2,425.82	1,439.46
Shares in issue	106,820,875	106,820,875	106,820,875	106,820,875
Weighted shares in issue	106,820,875	106,820,875	106,820,875	106,820,875

ABRIDGED GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Notes	INFLATION ADJUSTED		HISTORICAL	
	30 Sep. 2021 ZWL	30 Sep. 2020 ZWL	30 Sep. 2021 ZWL	30 Sep. 2020 ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	2,665,356,173	2,171,380,371	2,665,356,173	1,432,876,053
Investments (unlisted)	211,766,542	211,766,542	211,766,542	139,743,000
Investments in joint ventures	1,747,286	(426,377)	(596,707)	(725,742)
Total non-current assets	2,878,870,001	2,382,720,536	2,876,526,008	1,571,893,311
Current assets				
Inventories and biological assets	2,145,999,777	2,416,909,330	1,737,647,076	992,711,750
Trade and other receivables	318,293,916	287,387,480	318,293,916	189,644,634
Investments - listed shares	22,992,308	13,589,106	22,992,308	8,967,339
Cash and bank balances	233,498,382	38,752,804	233,498,382	25,572,657
Total current assets	2,720,784,383	2,756,638,720	2,312,431,682	1,216,896,380
TOTAL ASSETS	5,599,654,384	5,139,359,256	5,188,957,690	2,788,789,691
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent	2,839,227,089	3,136,744,674	2,591,286,577	1,537,641,991
Total equity	2,839,227,089	3,136,744,674	2,591,286,577	1,537,641,991
Non-current liabilities				
Deferred tax liabilities	541,946,291	507,600,546	379,190,109	264,600,230
Accruals and other payables	3,862,344	6,722,628	3,862,344	4,436,207
Long term borrowings	651,450,868	-	651,450,868	-
Total non-current liabilities	1,197,259,503	514,323,174	1,034,503,321	269,036,437
Current liabilities				
Trade payables	1,120,666,192	714,011,338	1,120,666,192	471,170,213
Accruals and other payables	185,974,725	146,700,149	185,974,725	96,806,222
Short term borrowings	92,310,516	444,868,327	92,310,516	293,564,951
Bank overdraft	17,814,231	54,363,757	17,814,231	35,874,196
Current tax liabilities	146,402,128	128,347,837	146,402,128	84,695,681
Total current liabilities	1,563,167,792	1,488,291,408	1,563,167,792	982,111,263
TOTAL EQUITY AND LIABILITIES	5,599,654,384	5,139,359,256	5,188,957,690	2,788,789,691

Abridged Report To Shareholders For The Year Ended 30 September 2021

ABRIDGED GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

	INFLATION ADJUSTED Year to 30 Sep. 2021 ZWL	HISTORICAL Year to 30 Sep. 2020 ZWL
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH INFLOWS BEFORE WORKING CAPITAL CHANGES	99,295,040	54,098,877
Cash generated from (utilised through) working capital changes	438,565,668	(507,361,157)
CASH GENERATED FROM OPERATIONS	537,860,708	367,277,20
Net interest paid	(189,176,029)	(29,298,535)
Income taxes paid	(25,617,920)	(193,831,828)
NET CASH (UTILISED IN) GENERATED FROM OPERATING ACTIVITIES	327,066,759	(166,924,693)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(142,075,935)	(107,019,874)
NET CASH OUTFLOWS TO INVESTING ACTIVITIES	(142,075,935)	(107,019,874)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of control of subsidiaries previously under judicial management	812,315	536,040
Long term loans raised (repaid)	(64,153,386)	(5,574,482)
Proceeds from disposal of fixed investments	(4,780,829)	(8,967,339)
Purchases of fixed investments	(14,183,231)	(17,972,470)
Net short term loans repaid	(352,552,811)	(201,254,155)
NET CASH INFLOWS FROM (OUTFLOWS TO) FINANCING ACTIVITIES	(299,302,170)	(456,207,501)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,151,150)	(197,215)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(5,004,202)	(10,301,520)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(5,165,352)	(10,498,735)
Cash and bank balances	233,498,382	233,498,382
Bank overdraft	(17,814,231)	(5,587,419)

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - INFLATION ADJUSTED

	CAPITAL RESERVES ZWL	RETAINED EARNINGS ZWL	TOTAL ZWL
Balance at 30 September 2019	4,228,611,284	(1,400,888,580)	2,827,722,704
Acquisition of control in subsidiaries previously under judicial management	655,629,668	(684,054,000)	(28,424,338)
Other comprehensive income for the year	6,891,1214	1,888,383,450	6,891,1214
Profit for the year	(1,888,383,450)	330,555,094	330,555,094
Balance at 30 September 2020	3,002,748,776	133,095,097	3,135,843,873
Acquisition of control in subsidiaries previously under judicial management	263,119,582	(173,347,830)	89,771,752
Loss for the year	(387,289,350)	(387,289,350)	(774,668,702)
Balance at 30 September 2021	2,878,579,008	(727,542,183)	2,151,036,825

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - HISTORICAL

	CAPITAL RESERVES ZWL	RETAINED EARNINGS ZWL	TOTAL ZWL
Balance at 30 September 2019	191,572,853	(4,867,337)	186,705,516
Acquisition of control in subsidiaries previously under judicial management	1,125,320,693	(1,125,320,693)	-
Other comprehensive income for the year	1,125,320,693	275,519,282	1,400,840,000
Profit for the year	1,349,497,073	188,114,918	1,537,611,991
Acquisition of control in subsidiaries previously under judicial management	238,005,182	(181,114,175)	56,890,907
Profit for the year	800,824,868	196,411,712	997,236,580
Balance at 30 September 2021	3,488,327,133	(202,959,451)	3,285,367,682

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS

- 1.0 General information**
The principal activities of the Company, its subsidiaries and joint ventures (the Group) is the holding of investments, the letting of properties, the wholesaling and retailing of agro-inputs and general hardware commodities, the manufacture of real estate, the provision of animal health products, the operation of maize and wheat mills, poultry breeding, production, processing and selling, and the development and management of the real estate.
- 2.0 Basis of preparation**
The consolidated financial statements for the year ended 30 September 2021 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The Listing Requirements require financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Group's consolidated financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwean Dollars (ZWL).
- The principal accounting policies applied in the preparation of the Group consolidated financial statements are in terms of IFRS except for the non-compliance with IAS 21 (The Effects of Change in Foreign Exchange Rates), and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflationary Economies) and have been applied consistently in all material respects with those of the previous consolidated annual financial statements.
- 2.1 IAS 21 (The Effects of Change in Foreign Exchange Rates)**
The Government promulgated Statutory Instrument ("SI") 33 on 22 February 2019 giving legal effect to the reintroduction of the Zimbabwe Dollar (ZWL) as legal tender and prescribed that for accounting and other purposes, certain assets and liabilities on the effective date would be deemed to be Zimbabwe Dollars at the rate which was in par with the United States Dollar (USD). Guidance issued by the Public Accounts and Auditors Board (PAAB) noted that the requirements of IAS 21, The Directors have always ensured compliance with IFRS but were unable to do so in respect of the comparative financial information due to the conflict between IAS 21 and local statutory requirements. In respect of the current financial year financial information, and as a result of the absence of an observable foreign exchange market, the Group continues to be unable to meet the full requirements of IAS 21. Due to the material and pervasive impact of these technicalities, the Directors advise users to exercise caution in their use of these inflation adjusted financial statements.
- In the light of this failure to fully comply with the requirements of IAS 21, the Group's Independent Auditors, Messrs Baker Tilly Chartered Accountants (Zimbabwe) issued an adverse opinion on the financial statements for the year ended 30 September 2021.
- 2.2 Application of IAS 29 (Financial Reporting in Hyperinflationary economies)**
These financial statements have been prepared in accordance with IAS 29 together with International Financial Reporting Interpretations Committee (IFRIC) 7 (Applying the Retention Approach under IAS 29), as if the economy had been hyperinflationary from 1 October 2018. As noted in the audited financial statements for the years ended 30 September 2019 and 2020, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate transactions and balances. Appropriate adjustments and reclassifications, including restatements for changes in the general purchasing power of the Zimbabwe dollar and for the purposes of fair presentation in accordance with IAS 29 have been made in these financial statements to the historical cost financial information. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 1 October 2018 to the end of the reporting period.
- | | Index | Conversion Factor |
|-----------------------------|----------|-------------------|
| CPI as at 30 September 2021 | 3,341.99 | 100 |
| CPI as at 30 September 2020 | 2,205.32 | 1.52 |
| CPI as at 30 September 2019 | 290.39 | 11.51 |
- 3.0 Audit Opinion - for the year ended 30 September 2021**
The financial statements for the year ended 30 September 2021 were audited by Baker Tilly Chartered Accountants (Zimbabwe). The Group's auditors have issued an adverse audit opinion thereon in respect of non-compliance with the requirements of International Financial Reporting Standards (IAS) 21. The effects of changes in foreign Exchange Rates.
- The full auditors' report on the FY2021 financial results is available for inspection at the Company's registered office.

4.0 Supplementary information

4.1 (Loss) profit before tax

Profit before tax is shown after charging (crediting) the following significant items:

Net leasing expenses
Loss on disposal of property, plant and equipment
Impairment of property, plant and equipment
Depreciation of property, plant and equipment
Compensation of directors and key management
- for services as directors
- for management services

4.2 Income tax expense (credit)

Current tax
Withholding tax
Income tax
Deferred tax change (credit) relating to current temporary differences

4.3 Inventories

Finished goods and goods in transit
Raw materials and consumables
Biological assets and agricultural produce on hand
Land in development

4.4 Borrowings

Further to loan facilities in place at 30 September 2020, the Group accessed additional borrowings from NMB, Industrial Development Corporation (IDC) and CABS in order fund working capital requirements. The table below summarizes the movement in the Group's third party borrowings during the period:

	Year to 30 Sep. 2021 ZWL	Year to 30 Sep. 2020 ZWL
Balance at the beginning of the year	444,868,336	293,564,951
Loans raised during the period	1,000,000,000	100,000,000
Loans repaid during the period	(82,194,902)	(64,006,729)
Balance at the end of the period	1,362,673,434	293,564,951
Short-term borrowings	92,310,516	293,564,951
Long-term borrowings	651,450,868	651,450,868
Total borrowings	743,761,384	743,761,384

Except for the long-term borrowings, which are unsecured, all short-term loans are secured against Group properties.

4.5 Contingent liabilities at reporting date in respect of:

Guarantees given to trade creditors
Langford Estates (emissaged reversal of land for debt swap)
City of Harare rates
Staff related provisions

4.6 Capital commitments

Authorized but not yet contracted
The capital expenditure will be financed from the Company's own resources and existing borrowing facilities.

4.7 Segment information

	Year to 30 Sep. 2021 ZWL	Year to 30 Sep. 2020 ZWL
Revenue	8,554,080,620	5,044,040,191
Retail	338,704,963	188,968,792
Farming	396,596,138	383,611,411
Milling	10,753,629	2,683,960
Head Office & Properties	9,200,135,531	5,205,029,944
EBITDA	(249,188,438)	1,049,001,636
Retail	(57,814,250)	136,129,483
Farming	147,949,744	64,880,580
Milling	251,333,967	(23,313,189)
Head Office & Properties	(112,286,997)	1,161,817,930

Segment assets

	Year to 30 Sep. 2021 ZWL	Year to 30 Sep. 2020 ZWL
Retail	4,074,427,603	3,783,425,960
Farming	282,319,340	334,704,175
Milling	509,680,922	1,021,228,121
Proprietor & Head Office	5,592,654,884	5,129,529,256

Segment liabilities

	Year to 30 Sep. 2021 ZWL	Year to 30 Sep. 2020 ZWL
Retail	1,263,146,243	1,774,327,988
Farming	508,397,576	94,772,882
Milling	421,346,676	333,513,712
Proprietor & Head Office	2,962,428,295	2,002,614,862

Victoria Foods and Amtec Manufacturing entered into a settlement agreement on 10 September 2021. There were delays encountered in resolving legacy foreign-currency denominated obligations. Control had however in essence passed effective 1 October 2020 after the requisite funds to settle foreign creditors had been paid into the judicial manager's account. Consequently, Victoria Foods and Amtec Manufacturing were consolidated by the Group effective 1 October 2020.

Impact of Covid-19 pandemic:
In March 2020, the World Health Organisation (WHO) declared COVID-19 a global pandemic. The pandemic has significantly impacted global, domestic, and human economic activity as governments implement measures to mitigate the transmission of the virus. The full impact remains uncertain. The Board and management continue to closely monitor the situation and proffer appropriate measures in response. In particular, the Group has prioritized the safety of its employees, customers and providers in the face of the ongoing pandemic.

Events after the reporting period
There were no significant adjusting or non-adjusting events after the reporting date at the time of issuing this press release.

HEAD OFFICE: 1 Wynne Street, Harare. Tel: +263 (242) 791260/703160

INFLATION ADJUSTED

	Year to 30 Sep. 2021 ZWL	Year to 30 Sep. 2020 ZWL
Net leasing expenses	52,485,841	45,524,030
Loss on disposal of property, plant and equipment	27,352,655	-
Impairment of property, plant and equipment	58,494	4,38,600
Depreciation of property, plant and equipment	84,134,146	7,903,214
Compensation of directors and key management - for services as directors - for management services	1,170,558	984,235
	50,081,174	40,747,216
	140,879,742	140,855,826
	126,208,805	91,982,629
	74,374,361	18,784,872
	263,823,143	110,529,467
	1,967,017,031	1,436,491,545
	150,601,286	199,811,536
	79,778,522	84,809,385
	2,416,909,370	1,727,647,075
	129,030,867	86,772,418
	60,413,711	20,487,990
	263,823,143	110,529,467
	1,967,017,031	1,436,491,545
	150,601,286	199,811,536
	79,778,522	84,809,385
	2,416,909,370	1,727,647,075

INFLATION ADJUSTED

	Year to 30 Sep. 2021 ZWL	Year to 30 Sep. 2020 ZWL
Balance at the beginning of the year	128,130,677	293,564,951
Loans raised during the period	1,000,000,000	100,000,000
Loans repaid during the period	(82,194,902)	(64,006,729)
Balance at the end of the period	1,045,935,775	293,564,951
Short-term borrowings	92,310,516	293,564,951
Long-term borrowings	651,450,868	651,450,868
Total borrowings	743,761,384	743,761,384

INFLATION ADJUSTED

	Year to 30 Sep. 2021 ZWL	Year to 30 Sep. 2020 ZWL
Revenue	8,554,080,620	5,044,040,191
Retail	338,704,963	188,968,792
Farming	396,596,138	383,611,411
Milling	10,753,629	2,683,960
Head Office & Properties	9,200,135,531	5,205,029,944
EBITDA	(249,188,438)	1,049,001,636
Retail	(57,814,250)	136,129,483
Farming	147,949,744	64,880,580
Milling	251,333,967	(23,313,189)
Head Office & Properties	(112,286,997)	1,161,817,930

INFLATION ADJUSTED

	Year to 30 Sep. 2021 ZWL	Year to 30 Sep. 2020 ZWL
Retail	4,074,427,603	3,783,425,960
Farming	282,319,340	334,704,175
Milling	509,680,922	1,021,228,121
Proprietor & Head Office	5,592,654,884	5,129,529,256
Segment liabilities	1,263,146,243	1,774,327,988
Farming	508,397,576	94,772,882
Milling	421,346,676	333,513,712
Proprietor & Head Office	2,962,428,295	2,002,614,862

Victoria Foods and Amtec Manufacturing entered into a settlement agreement on 10 September 2021. There were delays encountered in resolving legacy foreign-currency denominated obligations. Control had however in essence passed effective 1 October 2020 after the requisite funds to settle foreign creditors had been paid into the judicial manager's account. Consequently, Victoria Foods and Amtec Manufacturing were consolidated by the Group effective 1 October 2020.

Impact of Covid-19 pandemic:
In March 2020, the World Health Organisation (WHO) declared COVID-19 a global pandemic. The pandemic has significantly impacted global, domestic, and human economic activity as governments implement measures to mitigate the transmission of the virus. The full impact remains uncertain. The Board and management continue to closely monitor the situation and proffer appropriate measures in response. In particular, the Group has prioritized the safety of its employees, customers and providers in the face of the ongoing pandemic.

Events after the reporting period
There were no significant adjusting or non-adjusting events after the reporting date at the time of issuing this press release.

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Independent Auditor's Report

To the members of CFI Holdings Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of CFI Holdings Limited set out on pages 15 to 20 which comprise the consolidated statement of financial position as at 30 September 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the Group financial statements, including a summary of significant accounting policies and other explanatory notes as set out on pages 21 to 66.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly the financial position of CFI Holdings Limited as at 30 September 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

**(a) Impact of prior year Non-Compliance with International Accounting Standard 21–
The Effects of Changes in Foreign Exchange Rates**

The basis for qualification is due to misstatements contained in the opening balances from prior years. The misstatements were due to non-compliance with IAS 21– The effects of changes in Foreign exchange rates. CFI Holdings Limited elected to comply with the requirements of Statutory Instrument 33 of 2019 (SI 33/19) which was issued on 20 February 2019. The entity was guided by Statutory Instrument 41 of 2019 (SI 41/19) which stated that in the case of inconsistency between local pronouncement and any international standard, the

local pronouncement shall take precedence. Figures that were previously reported as USD prior to February 2019 were converted to the local reporting currency (ZWL) from the previous reporting currency (USD) at a rate of 1:1. This exchange rate did not represent the true market exchange rate that existed.

The effects of misstatements due to non-compliance with IAS 21 on the prior year financial statements and opening balances have not been quantified.

(b) Non-Compliance with IAS 21 – Impact of Exchange rates used on Opening Balances

The Group applied exchange rates other than interbank exchange rates to translate foreign denominated transactions from June 2020 to September 2020 and foreign denominated balances as at 30 September 2020. The directors were of the view that using interbank rates would not result in fair presentation hence a decision was taken to apply other rates which we could not verify and trace to a reliable source. We could not determine whether adjustments were necessary to amounts relating to opening balances as at 01 October 2020.

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 financial statements section of our report. We are independent of CFI Holdings Limited in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independent requirements applicable to performing audits of financial statements in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

a. Impact of COVID 19 Pandemic

We draw attention to Note 34 to the inflation adjusted consolidated financial statements, which relates to the impact of COVID 19 pandemic on CFI Holdings Limited and measures directors have put in place in response to the pandemic. There are uncertainties in relation to further possible effects and impacts of the COVID 19 pandemic to the CFI Holdings Limited' operations in future. Our audit opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current year. Key audit matters are selected from the matters communicated with those charged with governance, but are not intended to represent all matters that were discussed with them. In addition to the matters described in the Basis for Adverse Opinion section of our report, we have determined the matters described below to be the key audit matters. These matters were addressed in the context of our audit of the financial statements as a whole. Our opinion on the consolidated inflation adjusted financial statements is not modified with respect to any of the key audit matters described below, and we do not provide a separate opinion on these matters.

	Key Audit Matter	How our audit addressed the key audit matter
1.	Hyperinflation Accounting (High risk area and significant judgement)	
	<p>Following the Public Accountants and Auditors Board (PAAB) designation of Zimbabwe as hyperinflationary economy, management also evaluated and determined the economy of Zimbabwe to be hyperinflationary. CFI Holdings Limited applied the requirements of IAS 29 – Financial reporting in Hyperinflationary Economies.</p> <p>Hyperinflationary accounting was determined to be a matter of most significance to the audit due to high risk and the significance of the balances and transactions, and the complexity and subjectivity relating to the application of the Standard.</p> <p>IAS 29 requires significant judgments to be made by management considering the guidelines provided in IAS 29 are limited.</p> <p>The adoption of the Standard makes this a high risk area, the accounting is prone to errors in calculations and application of the Standard.</p>	<p>We obtained an understanding of the CFI Holdings Limited process for identifying hyperinflationary economies and evaluated the policy in relation to hyperinflation accounting. Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • We assessed and tested the indicators of hyperinflation on the Zimbabwean economy by corroborating these with industry report and our own understanding of the economy; • We recomputed and tested the hyperinflation workings prepared by management by evaluating the rationale for the economic indicators included (such as the inflation rate, cumulative inflation rate, consumer price indices from various sources). • We tested the source data used by agreeing it to supporting schedules. • We assessed the reasonability of the assumptions used by comparing these to externally available industry, financial and economic data; and; • We tested restatement of statement financial position and income statement items for compliance to the requirements of IAS 29. • We assessed whether disclosures in the financial statements appropriately reflected the effects of the adoption of IAS 29. <p>We found that the inflation adjusted consolidated financial statements have been properly restated in terms of IAS 29.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Directors Report. Other information does not include the inflation adjusted financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated 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 inflation adjusted consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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 International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of 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 entity'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, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 the 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 inflation adjusted consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for the audit opinion.

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 complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be brought to bear on our independence, and where applicable related safeguards.

From the matters communicated with the Directors, we determine those matters that were significant in the audit of the inflation adjusted financial statements of the current period and therefore the key audit matters. We describe those matters in our auditors' 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.

Report on Other Legal and Regulatory Requirements

Zimbabwe Stock Exchange ("ZSE") Listing Requirements

On 11 October 2021, an indefinite suspension on the ZSE due to non-compliance with listing requirements was lifted with a five-year moratorium to allow the entity to address the free float requirements. Notwithstanding the lifting of the suspension by the ZSE, CFI Holdings Limited remains non-compliant with regards listing requirements around free float threshold, appointment of a substantive Chief Executive Officer and Financial Director.

Companies and Other Business Entities Act (Chapter 24:31)

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

The engagement partner on the audit resulting in the Independent Auditor's report is Courage Matsa.



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Date 29 December 2021