

CFI HOLDINGS LIMITED

Abridged Report To Shareholders For The Year Ended 30 September 2023



ABRIDGED GROUP FINANCIAL REPORT TO SHAREHOLDERS FOR THE YEAR ENDED 30 SEPTEMBER 2023 SHORT-FORM ANNOUNCEMENT

Issued in terms of Practice Note 13 of the Zimbabwe Stock Exchange

This short form financial announcement is the responsibility of the Directors and is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement.

The full announcement is available on the Zimbabwe Stock Exchange website: www.zse.co.zw, and at the registered office of the Company, 1 Wynne Street, Harare.

FINANCIAL HIGHLIGHTS

	INFLATION ADJUSTED Year to 30 Sep. 2023	% change to 2022	HISTORICAL Year to 30 Sep. 2023	% change to 2022
	ZWL	ZWL	ZWL	ZWL
Revenue	201,990,662,782	245.7	193,640,524,069	665.6
Operating loss before financing costs, depreciation and impairment	(123,674,009,453)	1,706.6	(119,836,949,579)	2,393.6
Loss for the year	(92,728,437,523)	(1,799.2)	(100,019,788,740)	1,945.2
Total assets	146,530,347,451	297.5	138,041,354,327	411.0
Total equity	(84,910,366,989)	(1,174.2)	(93,399,360,114)	(2,131.9)
Cash utilised in operations	(79,029,011,528)	973.9	(82,247,035,995)	792.2
Basic losses per share (cents)	(86,807.41)	(1,799.2)	(93,633.19)	1,945.2
Headline losses per share (cents)	(86,807.41)	(1,799.2)	(93,633.19)	1,945.2

Dividend

In view of the Group reported losses, your Board will not declare a dividend for the year ended 30 September 2023.

Auditor's Statement

This short form financial announcement is derived from the audited consolidated inflation-adjusted financial statements of CFI Holdings Limited, and should be read in conjunction with the complete set of the consolidated inflation-adjusted financial statements for the year ended 30 September 2023.

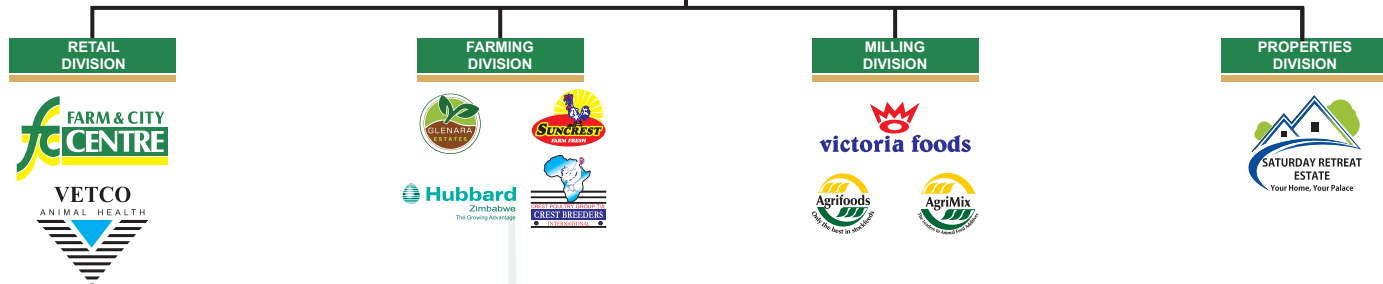
The consolidated inflation-adjusted financial statements have been audited by Baker Tilly Chartered Accountants (Zimbabwe), who have issued a qualified audit opinion. The auditor's audit report on the consolidated inflation-adjusted financial statements is available for inspection at the Company's registered office. The engagement partner on the audit is Mr. Richard Mandeya (PAAB Number 0965).

Ms. I. V. Pasi
Chairman
19 December 2023

Directors: I.V. Pasi (Chairman), S Zinyemba (Deputy Chairman), S.N. Chibanguza (Acting Group CEO)*, T. Dumba (Acting Group Finance Director)*, A Denenga, A.S. Hamilton (Alternate: R.L. Hamilton), P. Muzani, W.E. Munakopah

* - Executive Director

Abridged Group Financial Report To Shareholders For The Year Ended 30 September 2023

**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 arose from new and revised International Financial Reporting Standards (IFRS) which became effective for reporting periods commencing on or after 1 January 2023.

Cautionary Statement - Reliance on all Financial Statements prepared in Zimbabwe for 2019-2023

The Directors would like to advise users to exercise caution in their use of these financial statements due to the impact of the technicalities arising from functional currency changes in February 2019, and its consequent impact on the usefulness of the financial statements for 2019 - 2023 financial periods.

Whilst Directors have exercised due care and applied reasonable judgments they deemed 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 numerous changes in economic policies.

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 inflation adjusted financial statements have been audited by the Group's external auditors, Baker Tilly Chartered Accountants (Zimbabwe), who have issued a qualified audit opinion. The auditor's report on the Group's financial statements is available for inspection at the Company's registered office. The engagement audit partner is Mr. Richard Mandeya (PAAB Number 0965).

Economic Environment

Continuing on from prior year, the operating environment remained challenging, characterized by hyperinflation, unstable exchange rates and intermittent power outages. The first half of the year saw stable conditions following tough fiscal and monetary policy interventions instituted in the last quarter of FY2022. However, the second half of the year was met with exchange rate volatility characterized by a rapid widening of the gap between exchange rates quoted on the official banking platform and rates on the alternative market. Policy interventions in June 2023, though stabilizing exchange rate movements, tightened liquidity with the unintended consequence of straining funding for business operations.

Year-on-year (Y-O-Y) inflation declined from 56.1% as at 30 September 2022 closing at 18.4% as at 30 September 2023, whilst average month-on-month inflation for the period was 1.5% (2022:3.8%). The exchange rate disparities and the use of blended inflation figures imposed significant performance translation challenges on both historical and inflation adjusted accounts. The distortions largely affected recorded revenues and profit for the period.

Despite normal rains received during the 2022/23 farming season, consumer spending power declined from prior year following the knock-on effects of the high cost of inputs and depressed producer prices. Notwithstanding, the Group welcomes certain policy measures implemented by the Government of Zimbabwe through the liberalization of grain marketing to the benefit of millers, farmers and consumers.

Financial Performance

Group inflation-adjusted revenues for the year increased by 245.7% from ZWL 58.43 billion in the previous year to ZWL 201.99 billion, which is reflective of the mismatch between rapid inflation of the ZWL during the year as compared to the subdued official inflation statistics. Overall, retail operations contributed 76.3% (2022- 79.8%), whilst milling operations contributed 20.1% (2022 - 18.0%) and farming operations accounted for 3.4% (2022 - 2.2%) of Group turnover.

Expenses increased in real terms as a consequence of these expenses being pegged by suppliers and service providers in USD but converted to ZWL at prevailing parallel market exchange rates. On the other hand, selling prices were determined in line with official exchange rates, which consistently lagged behind market rates. The Group incurred unrealized exchange losses of ZWL 139.5 billion (2022 - ZWL 7.2 billion) on its foreign currency denominated loans and creditors. Consequently, the Group posted a loss before tax of ZWL125.23 billion against a loss before tax of ZWL3.06 billion from prior year.

The Group invested ZWL 2.29 billion (2022 - ZWL 648.8 million) into property, plant and equipment, mostly in company motor vehicles and capitalized Victoria Foods plant spares, as well as center-pivot irrigation equipment at Glenara Estates.

Operations Review**Farm & City Centre (FCC)**

The division struggled under the weight of a difficult operating environment, characterized by unstable multiple exchange rates, high interest rates and reduced consumer spending. As a result, overall sales volumes for the entity's key volume drivers fell by 15% from prior year. Following the announcement of the 2023/2024 drought caused by the El Nino phenomenon, sales of key agricultural volume drivers such as fertilizers and chemicals are forecasted to remain depressed.

Glenara Estates

The Estate established 550 hectares of white maize and 236 hectares of soya beans during the period. Table potato prices realised per kg declined by 8% relative to prior year due to a flood of supply to the potato market and a reduction in consumer buying power. The Estate's cattle breeding and pen fattening operations were maintained with reasonable success.

Property Development**Saturday Retreat**

In February 2023, the Supreme Court ruled in favour of Crest Breeders International confirming the entity's rights in Saturday Retreat Estate. The entity is seized with implementing its development strategy as the Group looks to enhance its synergies with the retail unit and diversify its portfolio.

Langford Estates

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

Milling Operations**Agrifoods**

Sales volumes increased by 31% from prior year on the back of improved raw material availability on the local market from a good 2022/2023 agricultural harvest. Agrifoods continues to reassert its presence in the market, and efforts to improve demand for its products are ongoing as the entity claws back its market share.

Victoria Foods (VF)

Volumes declined by 14%, weighed down mainly by intermittent power cuts affecting production. Additionally, the maize mill was seriously affected by raw material supply challenges during the period. Apart from the shortages, raw material prices also rose from prior year level, ultimately depressing the division's financial performance.

Poultry Division

Crest Poultry Group's other units, being 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.

Sustainable Business Practices

Your Board continues to strive to ensure that its business strategies and its values are constantly aligned with sustainable business practices guided by the Global Reporting Initiatives (GRI)'s Sustainability Reporting Guidelines. As the Group continued to make strides throughout the year in understanding its role and impact on the environment and community, your Board remains tasked with furthering strategies to advance its sustainability priorities.

Future Prospects

The operating environment is forecasted to remain challenging and complex in the medium term aggravated, by the now prevailing El Nino induced 2023/24 phenomenon which is set to reduce agricultural output in the region. Given that the agricultural sector is a mainstay to the Group's operation, proactive management practices will therefore be employed to ensure the Group's survival in these difficult times.

Going forward, in the short to medium term, the Group will prioritise continued investments in its milling operations in order to underpin its long-term competitiveness. Long term focus remains directed towards the development of low-cost housing delivery in Harare South in support of Government's Vision 2030 development goals. The Group will therefore maintain its efforts to resolve all issues affecting its interests in its land banks to make way for progressive, orderly infrastructure development and service delivery to the various settlements.

Your Board also aims to continuously strengthen its human capital base, improve business models to be adaptive to the changing environment and to strengthen its operational systems for the benefit of all stakeholders.

Acknowledgment and Appreciation

I wish to record my sincere appreciation to management and staff for their fortitude and resilience in serving our customers' various needs during these trying times. I also wish to thank our shareholders, customers, suppliers and financiers for their enduring support to the Group, which has made the ongoing business turnaround strategy possible. Lastly, I would also like to record my gratitude and appreciation to my fellow directors for their valuable contributions, guidance and stewardship.

Ms. I. V. Pasi
Chairperson

Dividend Declaration

In view of the Group's reported losses and current debt position, your Board will not declare a dividend for the year ended 30 September 2023.

P. Hare
Group Company Secretary
By Order of The Board
19 December 2023

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

Notes	INFLATION ADJUSTED		HISTORICAL	
	Year to		Year to	
	30 Sep. 2023	30 Sep. 2022	30 Sep. 2023	30 Sep. 2022
	ZWL	ZWL	ZWL	ZWL
Turnover	201,442,326,351	58,308,030,714	192,786,776,508	25,057,878,841
Changes in fair value of biological assets	548,336,431	125,733,089	853,747,561	234,494,249
Revenue	201,990,662,782	58,433,763,803	193,640,524,069	25,292,373,090
Operating loss before financing costs, depreciation and impairment	(123,674,009,453)	(6,845,766,671)	(119,836,949,579)	(4,805,805,737)
Depreciation expense	(650,479,585)	(644,399,951)	(551,364,475)	(144,680,431)
Share of losses from joint ventures	(160,129,366)	(20,990,101)	(46,828,011)	(5,027,215)
Net finance costs	(9,605,393,436)	(1,488,817,853)	(9,129,714,966)	(863,655,727)
Monetary gain	8,860,232,069	5,936,952,473	-	-
Loss before tax	4.1 (125,229,779,771)	(3,063,022,103)	(129,564,857,031)	(5,819,169,110)
Income tax credit (expense)	4.2 32,501,342,248	(1,819,507,504)	29,545,068,291	928,775,053
Loss for the year	(92,728,437,523)	(4,882,529,607)	(100,019,788,740)	(4,890,394,057)
Other comprehensive income / (loss)				
Effects of changes in income tax rates	(86,137,301)	-	(41,035,164)	-
NDR movement net of taxes on property, plant and equipment	-	-	1,644,110,984	6,331,395,621
Gain on equity investment designated as at FVTOCI	-	-	140,542,845	564,304,892
Total other comprehensive (loss) / income	(86,137,301)	-	1,743,618,665	6,895,700,513
Total comprehensive (loss) income	(92,814,574,824)	(4,882,529,607)	(98,276,170,075)	2,005,306,456
Loss attributable to:				
Equity holders of the parent	(92,728,437,523)	(4,882,529,607)	(100,019,788,740)	(4,890,394,057)
Total comprehensive (loss) income attributable to:				
Equity holders of the parent	(92,814,574,824)	(4,882,529,607)	(98,276,170,075)	2,005,306,456
Basic (losses) earnings per share (cents)	(86,807.41)	(4,570.76)	(93,633.19)	(4,578.13)
Diluted (losses) earnings per share (cents)	(86,807.41)	(4,570.76)	(93,633.19)	(4,578.13)
Headline (losses) earnings per share (cents)	(86,807.41)	(4,570.76)	(93,633.19)	(4,578.13)
Net asset value per share (cents)	(79,488.55)	7,399.50	(87,435.49)	1,678.54
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. 2023		30 Sep. 2023	
	ZWL	ZWL	ZWL	ZWL
ASSETS				
Non-current assets				
Property, plant and equipment	13,627,635,513	11,991,859,897	13,627,635,513	10,131,682,914
Investments (unlisted)	953,712,381	953,711,375	953,712,381	805,771,692
Investments in joint ventures	(152,260,292)	(13,121,027)	(52,451,934)	(5,623,922)
Deferred tax assets	37,605,729,314	-	36,834,809,267	551,499,443
Total non-current assets	52,034,816,916	12,932,450,245	51,363,705,227	11,483,330,127
Current assets				
Inventories and biological assets	4.3 63,314,577,104	20,449,286,374	55,496,695,669	12,591,749,149
Trade and other receivables	17,616,661,311	2,778,823,532	17,616,661,311	2,347,772,501
Investments - listed shares	404,717,269	37,066,918	404,717,269	31,317,099
Cash and bank balances	13,159,574,851	664,291,475	13,159,574,851	561,246,599
Total current assets	94,495,530,535	23,929,468,299	86,677,649,100	15,532,085,348
TOTAL ASSETS	146,530,347,451	36,861,918,544	138,041,354,327	27,015,415,475
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent	(84,910,366,989)	7,904,207,832	(93,399,360,114)	4,596,593,034
Total equity	(84,910,366,989)	7,904,207,832	(93,399,360,114)	4,596,593,034
Non-current liabilities				
Deferred tax liabilities	-	2,422,792,475	-	-
Accruals and other payables	5,501,854	6,511,994	5,501,854	5,501,854
Long term borrowings	4.4 98,295,201,002	11,527,548,374	98,295,201,003	9,739,395,382
Total non-current liabilities	98,300,702,856	13,956,852,843	98,300,702,857	9,744,897,236
Current liabilities				
Trade payables and other payables	105,608,472,781	11,577,488,089	105,608,472,781	9,781,588,452
Short term borrowings	16,418,798,653	1,630,559,973	16,418,798,653	1,377,627,554
Bank overdraft	5,153,930,427	1,030,716,687	5,153,930,427	870,831,943
Current tax liabilities	5,958,809,723	762,093,120	5,958,809,723	643,877,256
Total current liabilities	133,140,011,584	15,000,857,869	133,140,011,584	12,673,925,205
TOTAL EQUITY AND LIABILITIES	146,530,347,451	36,861,918,544	138,041,354,327	27,015,415,475

Abridged Group Financial Report To Shareholders For The Year Ended 30 September 2023

ABRIDGED GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

CASH OUTFLOWS BEFORE WORKING CAPITAL CHANGES

Cash and bank balances at beginning of year

CASH UTILISED IN OPERATIONS

Net interest paid

Income taxes paid

NET CASH UTILISED IN OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment

Proceeds from disposal of property, plant and equipment

NET CASH OUTFLOWS TO INVESTING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES

Long term loans raised

Net proceeds from / (purchase of) listed investments

NET CASH INFLOWS FROM FINANCING ACTIVITIES

NET INCREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

CASH AND CASH EQUIVALENTS AT END OF THE YEAR

Cash and bank balances

Bank overdraft

INFLATION	Year to	ADJUSTED	Year to	HISTORICAL
30 Sep. 2023	30 Sep. 2022	ZWL	30 Sep. 2023	ZWL
(115,364,978,702)	(1,040,955,889)		(120,692,664,972)	(5,046,374,145)
36,335,067,176	(6,313,131,142)		38,445,628,677	(4,172,520,442)
(79,029,011,528)	(7,359,146,731)		(82,247,035,995)	(9,218,874,587)
(9,605,993,436)	(1,488,817,853)		(9,129,714,966)	(409,940,727)
(2,265,005,095)	(1,738,644,099)		(1,720,000,685)	(863,655,222)
(90,899,110,059)	(10,586,608,683)		(93,106,251,646)	(10,492,471,041)
(2,289,494,100)	(648,834,841)		(2,177,508,867)	(406,262,601)
5,082,487	22,676,340		2,513,361	8,527,386
(2,284,411,613)	(626,158,507)		(2,174,995,306)	(397,735,215)
86,767,652,628	8,593,675,547		88,555,805,021	9,087,944,514
14,788,238,680	1,214,830,519		15,041,171,099	1,285,317,038
13,159,574,851	66,481,194		13,159,574,851	(8,324,791)
(5,133,930,427)	(9,874,987,260)		(103,596,976,720)	(10,364,936,761)
8,372,069,636	(1,337,779,924)		8,315,229,768	(525,269,495)
(366,425,212)	971,354,712		(309,585,344)	215,084,151
8,005,644,424	(366,425,212)		8,005,644,424	(309,585,344)
13,159,574,851	1,310,506,332		13,159,574,851	709,340,369
(5,133,930,427)	(20,607,497)		(5,133,930,427)	(11,154,261)

4.0 Supplementary information	
4.1	Loss before tax
	Loss before tax is shown after charging (crediting) the following significant items:
	Net interest expense
	Profit on disposal of property, plant and equipment
	Depreciation expense
	Unrealised exchange losses
	Compensation of directors and key management:
	- for services as directors
	- for management services
4.2	Income tax expense (credit)
	Current tax
	Withholding tax
	Intermediate remissions tax
	Deferred tax (credit) charge relating to current temporary differences
4.3	Inventories
	Finished goods
	Raw materials and consumables
	Biological assets and agricultural produce on hand
	Land in development
4.4	Borrowings
	The table below summarizes the movements in the Group's third party borrowings during the period:
	Balance at the beginning of the year
	Loans raised/fair value adjustments during the period
	Balance at the end of the year
	Broken down as follows:
	Short-term borrowings
	Long-term borrowings
	Total borrowings
	All the loans were raised to fund the Group's working capital requirements. Except for the long-term borrowings, which are unsecured, the short-term loan is secured against an industrial property in Mbare. The average interest rates on the loans during the year was 12% per annum.

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

CAPITAL RESERVES	Year to	RETAINED EARNINGS	Year to	TOTAL
ZWL	30 Sep. 2023	ZWL	30 Sep. 2023	ZWL
23,212,677,863	(10,425,940,422)	8,504,519,841	12,786,237,441	
(8,504,519,841)	(4,882,529,606)	(4,882,529,606)	(4,882,529,606)	
14,708,158,022	(6,603,950,187)	(6,603,950,187)	7,994,207,835	
(86,137,301)	(92,228,457,525)	(92,228,457,525)	(92,228,457,525)	
14,622,020,721	(99,532,387,710)	(99,532,387,710)	(84,910,366,989)	

Balance at 30 September 2021

Elimination of revaluation reserves - IAS 29

Loss for the year

Balance at 30 September 2022

Loss for the year

Other comprehensive loss for the period

Balance at 30 September 2023

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

CAPITAL RESERVES	Year to	RETAINED EARNINGS	Year to	TOTAL
ZWL	30 Sep. 2023	ZWL	30 Sep. 2023	ZWL
2,668,544,035	202,959,470	2,871,503,505	2,871,503,505	
6,895,700,512	(4,890,394,057)	6,895,700,512	6,895,700,512	
9,564,244,547	(6,687,434,587)	(6,687,434,587)	4,876,809,960	
1,743,618,665	(100,019,788,740)	(100,019,788,740)	(100,019,788,740)	
11,307,863,212	(104,707,223,327)	(104,707,223,327)	(93,399,360,115)	

Balance at 30 September 2021

Other comprehensive income for the year

Loss for the year

Balance at 30 September 2022

Loss for the year

Other comprehensive income for the year

Balance at 30 September 2023

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 manufacturing of snack feeds, the provision of animal health requisites, the operation of maize and wheat mills, crops and livestock farming and the development and management of real estate.

2.0 Basis of preparation

The consolidated financial statements for the year ended 30 September 2023 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements and in the manner required by the 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 inflation adjusted financial statements have been prepared based on the statutory records that are maintained under the historical cost basis and are presented in Zimbabwean Dollar (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 8 (Accounting Policies, Changes in Accounting Estimates and Errors), IFRS 13 (Fair Value Measurement) and IAS 21 (The Effects of Changes 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 that of the previous consolidated annual financial statements.

2.1 IAS 21 (The Effects of Changes in Foreign Exchange Rate)

As reported in the Group's prior year financial statements, Government promulgated Statutory Instrument 33 of 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 Dollar at the rate which was in force with the United States Dollar (USD). CFH Holdings Limited decided to comply with the requirements of Statutory Instrument 33 of 2019 (SI 33/19) which was issued on 20 February 2019. The 1:1 exchange rate between ZWL and USD prescribed by SI 33/19 is not in accordance with the requirements of IAS 21. 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. Due to the impact of these technicalities, the Directors advise users to exercise caution in their use of these inflation adjusted financial statements.

In light of this failure to fully comply with the requirements of IAS 8, IFRS 13 and IAS 21, the Group's Independent Auditors, Messrs Baker Tilly Chartered Accountants (Zimbabwe) issued a qualified audit opinion on the financial statements for the year ended 30 September 2023.

2.2 Application of IAS 29 (Financial Reporting in Hyperinflationary Economies)

These financial statements have been prepared in accordance with International Financial Reporting Interpretations Committee (IFRIC) 7 (Applying the Restatement 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, 2020, 2021 and 2022, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate transaction and balances. Appropriate adjustments and reconciliations, including restatements for changes in the general purchasing power of the ZWL 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. The following CPI which the Group used to determine conversion factors were taken from the Reserve Bank of Zimbabwe website.

	Indices	Conversion factor
CPI as at 30 September 2023	100.95	1.0000
CPI as at 30 September 2022	85.29	1.1886
CPI as at 30 September 2021	54.64	1.8475

3.0 Audit Opinion - for the year ended 30 September 2023

These abridged Group inflation adjusted financial statements have been audited by the Group's external auditors, Baker Tilly Chartered Accountants (Zimbabwe), who have issued a Qualified Opinion, given the pervasive technical issues aforementioned above. The auditors also raised as a key audit matter that the Group's adoption of IAS 29 is a high risk area, since requires significant judgments to be made by management in the selection of the general price index to restate transaction and balances. The auditors also noted that the Group's financial statements have been prepared in accordance with the requirements of IAS 29. The auditor's audit report on the Group's consolidated inflation adjusted financial statements is available for inspection at the Company's registered office.

The engagement partner on the audit is Mr. Richard Mandeyi (PAAB Number 0965).

4.8 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	Year to	ADJUSTED	Year to	HISTORICAL
30 Sep. 2023	30 Sep. 2022	ZWL	30 Sep. 2023	ZWL
(125,329,779,771)	(3,063,022,103)		(129,564,857,031)	(5,819,169,110)
1,719,658,764	349,550,871		1,651,669,732	174,895,297
(2,864,887)	(6,008,303)		(1,967,832)	(6,074,159)
650,479,985	644,999,951		551,364,475	144,680,431
139,553,104,626	7,225,633,927		144,163,32,056	9,258,828,512
40,026,917	8,826,693		38,554,992	4,095,589
1,039,534,712	280,541,952		995,449,077	129,377,658
5,405,073,240	661,496,504		5,405,073,240	560,702,577
100,749	111,970		9,038,452	54,495
1,723,422,695	987,633,651		1,630,821,460	346,658,784
(39,629,938,932)	170,265,379		(36,590,001,443)	(1,836,190,909)
(32,501,342,248)	1,819,507,504		(29,545,068,291)	(928,775,053)
INFLATION	ADJUSTED	Year to	HISTORICAL	Year to
at 30 Sep. 2023	at 30 Sep. 2022	ZWL	at 30 Sep. 2023	ZWL
42,203,792,182	13,068,920,215		35,166,506,774	7,659,753,881
15,868,570,103	5,832,844,621		15,817,442,492	4,443,468,914
4,385,257,100	690,563,821		4,437,115,825	471,991,945
856,957,717	75,630,578		16,534,409	
63,314,577,104	20,449,286,374		55,496,695,669	12,591,749,149
13,158,108,347	3,349,602,281		11,117,022,936	743,761,384
101,555,891,308	9,808,506,066		103,596,976,720	10,373,261,552
114,713,999,655	13,158,108,347		114,713,999,656	11,117,022,936
16,418,798,653	1,630,559,973		16,418,798,653	1,377,627,554
98,295,201,002	11,527,548,374		98,295,201,003	9,739,395,582
114,713,999,655	13,158,108,347		114,713,999,656	11,117,022,936
100,000,000	118,360,000		100,000,000	100,000,000
32,000,000	32,000,000		32,000,000	32,000,000
153,024,650	61,031,1795		153,024,650	51,364,545
286,295,926	218,771,677		286,295,926	1,271,276
17,950,000,000	2,723,866,142		17,950,000,000	2,301,340,100
17,950,000,000	2,723,866,142		17,950,000,000	2,301,340,100
INFLATION	ADJUSTED	Year to	HISTORICAL	Year to
at 30 Sep. 2023	at 30 Sep. 2022	ZWL	at 30 Sep. 2023	ZWL
154,085,379,540	46,707,146,030		147,232,273,387	19,167,784,752
6,950,701,538	1,530,208,225		7,068,310,329	993,101,953
40,644,894,541	10,132,264,821		39,057,488,709	5,081,855,574
309,687,163	64,144,727		282,451,644	49,630,811
201,590,662,782	58,433,763,803		193,640,524,069	25,292,373,090
(117,683,821,093)	422,241,071		(124,709,934,682)	(5,513,621,168)
922,724,045	409,878,511		629,125,331	144,978,672
2,004,852,076	450,066,659		2,412,658,904	724,215,285
(75,894,789)	1,784,362,858		1,784,362,858	(166,405,741)
(114,973,906,540)	1,206,291,452		(119,883,777,590)	(4,810,832,952)
INFLATION	ADJUSTED	Year to	HISTORICAL	Year to
at 30 Sep. 2023	at 30 Sep. 2022	ZWL	at 30 Sep. 2023	ZWL
107,445,364,720	23,570,619,184		99,298,446,098	17,686,047,550
11,183,167,582	2,245,190,037		11,820,061,455	1,952,762,347
22,158,791,004	5,404,141,442		21,897,718,697	4,081,062,552
5,749,023,346	5,641,367,881		5,073,128,077	3,294,543,047
146,530,347,451	36,861,918,544		138,041,354,327	27,075,415,476
192,354,385,711	22,285,944,261		193,750,757,372	17,500,325,585
3,567,101,600	1,878,266,063		4,794,609,401	1,525,136,384
24,979,741,199	3,042,493,551		25,118,848,852	2,709,662,252
8,739,483,507	7,973,030,116		7,806,878,720	683,984,179
231,460,715,440	28,957,107,12		231,460,714,441	22,418,832,941

Independent Auditor's Report

To the members of CFI Holdings Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements for the Year Ended 30 September 2023

Qualified Opinion

We have audited the inflation adjusted consolidated financial statements of CFI Holdings Limited which comprise the consolidated statement of financial position as at 30 September 2023, 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 consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the matters described in the Basis for Qualified Opinion section of our report, the inflation adjusted consolidated financial statements present fairly, the financial position of CFI Holdings Limited as at 30 September 2023, 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 Qualified Opinion

a) Non-compliance with IFRS 13 – Fair Value Measurement

The directors converted the historical property, plant and equipment values at a rate of US\$1: ZWL1 on 20 February 2019. Since then, management has been using consumer price indices to adjust the carrying values of their property, plant and equipment, which did not comply with IFRS 13 – Fair Value Measurement. Management has not carried out a revaluation of their property, plant and equipment from 2019 financial year. IFRS 13 prescribes a hierarchy of inputs to use in the determination of fair values,

priority being given to quoted prices in an active market. We noted that property, plant and equipment for the group has an active market and market prices are determinable.

Consumer price indices do not reflect the assumptions that market participants would use when pricing the assets and do not take into account the condition and location of the assets. Property, plant and equipment is a significant element of CFI Holdings Limited's financial statements and thus the impact of the noncompliance was considered material for the year ended 30 September 2023. The consumer indices do not represent the true fair value of the assets.

b) Impact of prior years' Non-Compliance with International Accounting Standard (IAS) 21– The Effects of Changes in Foreign Exchange Rates and International Accounting Standard (IAS) 8 – Accounting Policies, Changes in Accounting Estimates and Errors

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 1:1 exchange rate between ZWL and USD prescribed by Statutory Instrument 33 of 2019 (SI 33/19) was not in accordance with the requirements of IAS 21. The Group 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.

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

As the prior year financial statements have not been restated in accordance with International accounting standards 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (IAS 8), the misstatements on the prior years' income statements is still carried forward in the current retained earnings balance.

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.

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 Qualified 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

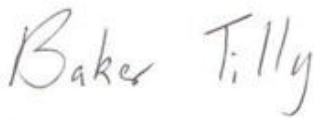
Zimbabwe Stock Exchange ("ZSE") Listing Requirements

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 Qualified Opinion section of our report, the accompanying inflation adjusted financial statements have not in all material respects, been properly prepared 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 Richard Mandeya.



Partner: Richard Mandeya
PAAB Practising Number: 0965
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Date 19 December 2023