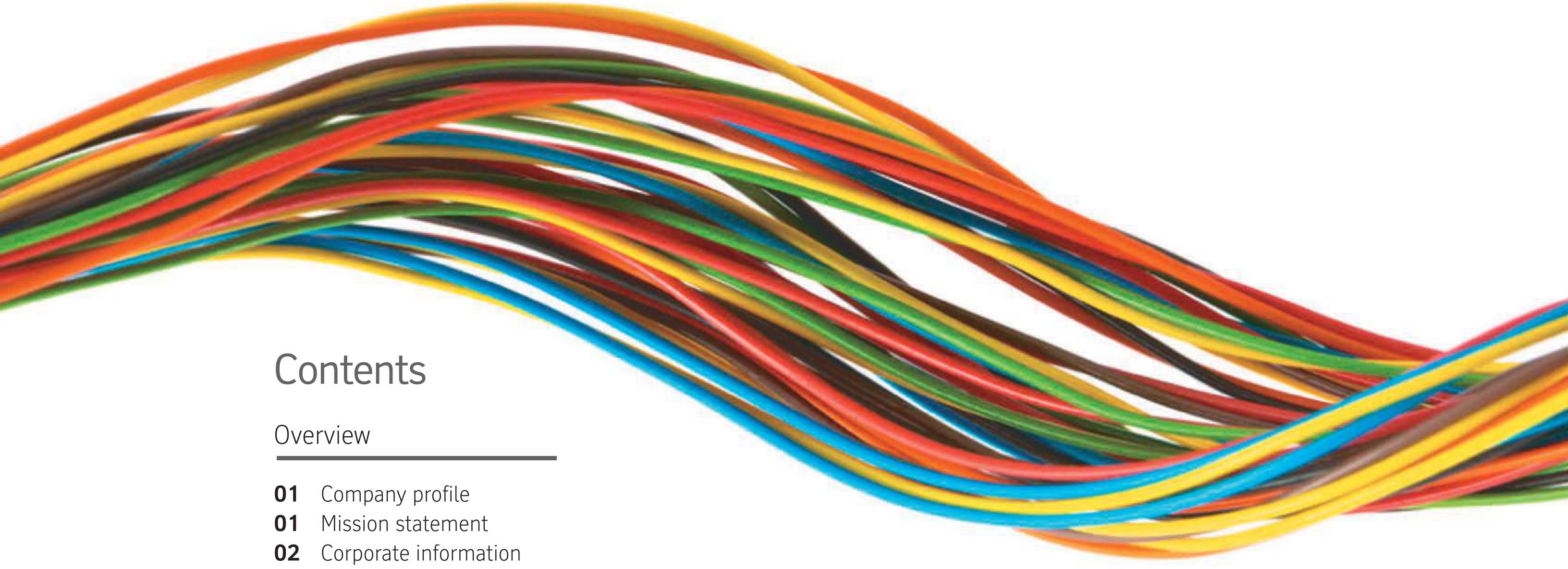
CAFCA 2016 INTERGRATED Annual Report



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This Intergrated Annual Report covers the financial year from 1 October 2015 to 30 September 2016. The reporting period is annual with the last report having been published in January 2016. The financial statements are presented in United States Dollars ("US$").

Company profile

CAFCA Limited ("CAFCA") manufactures and supplies cable and allied products for the transmission and distribution of electrical energy and information primarily in Southern and Central Africa. We manufacture over 900 cabling products including 11kV XLPE cables all to British, South African and Zimbabwe quality standards.

CAFCA offers a toll manufacturing option to all its customers who can access key raw materials such as copper and aluminium, which are converted at the cost of value addition.

We also recover decommissioned cables for recycling that can be exchanged for other products within our manufacturing range.

Mission statement

Our goal is to create long term shareholder value

Our business purpose is:

- to be a leading manufacturer and supplier of cable and allied products for the transmission and distribution of information and energy for the Central and Southern African markets.
- to be recognised for excellence in providing quality products and services that give best value to all our customers and other stakeholders.

Our operating principles are:

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

Corporate information

CAFCA Limited ("CAFCA") is quoted on the Zimbabwe and Johannesburg. Established in 1947, CAFCA is part of Reunert Electrical Engineering (Propriety) Limited incorporated in South Africa, which in turn is owned by Reunert Limited incorporated in South Africa. It has been at the forefront of the cable industry in the region for more than 60 years, supplying large volumes of cable to power and telecommunication utilities as well as the mining, agricultural and industrial sectors.

Directorate and administration

CHAIRMAN
H.P. Mkushi

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

SECRETARY
C. Kangara

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

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

BANKERS
African Banking Corporation of Zimbabwe Limited

Barclays Bank of Zimbabwe Limited

MBCA Bank Limited

Stanbic Bank Limited

Central Africa Building Society

REGISTERED OFFICE
54 Lytton Road
Workington
Harare

POSTAL ADDRESS
P O Box 1651
Harare
Zimbabwe

The period in brief

Financial highlights	30 September 2016 US$
Revenue	18 148 818
Operating profit	757 196
Profit before income tax	678 028
Profit for the year	418 604
Earnings per share (cents)	1.28
Market price per share (cents)	18

Milestones

CAFCA was the first company in Zimbabwe to achieve ISO 9002 accreditation, later upgraded to ISO 9001, which enables it to design as well as produce cabling to international standards.

In 1999 CAFCA became the first cable company in sub-Saharan Africa to be awarded the environmental standard, ISO 14001.

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

Occupational health and safety standard
Accredited to OHSAS 18001:2007

Environment management standard
Accredited to ISO 14001:2004
(First cable company in sub-Saharan Africa to achieve the international quality standard)

Zimbabwe Electricity Supply Authority annual supply contracts
- Low voltage armoured cables: 1985-98, 2000-03
- All aluminium conductor: 1988-99, 2001-03
- Aluminium conductor steel reinforced 1988-99, 2001-03

Anglo American Corporation annual supply contract
- 1985-2000

BHP annual supply contract
- 1996-1999

Botswana Power Corporation
- Split concentric annual supply contract 2000-2004

Botswana Ministry of Health
- Annual supply of low smoke and fume white stripe cables 2002-2004

African Cables (South Africa)
- Monthly delivery of 600/1000V red stripe to SANS 1507 2003 specifications to date

Confederation of Zimbabwe Industries (CZI)
- Industrial Exporter of the Year 1st Runner up 2005

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

National Industrial Energy Efficiency Award
- 1st Runner up 2011

Zimbabwe Quoted Companies Survey 2012
- Manufacturing Winner

National Industrial Energy Efficiency Award
- Winner 2013 and 2014

Exporter of the year
- Runner up 2012

Energy management system
- Accredited to ISO 50001

Corporate governance

Corporate governance represents the means by which direction and control are applied to the stewardship of an organisation's assets, both tangible and intangible, financial and non-financial, in the pursuit and delivery of the primary objective of sustainable value creation.

Ethics
Directors, management and staff are required to maintain the highest possible standards of business ethics and accountability and appropriate disciplinary measures are in place in the event of non-conformity.

Board of directors
The board of directors (the "board") of CAFCA Limited fully supports the highest standards of corporate governance and is committed to the principles of openness, integrity and accountability in dealings with all stakeholders. The board fully recognises its responsibilities for setting the Company's strategic direction, providing the leadership to put this into effect, supervising the management of the business and reporting to the shareholders on its stewardship.

The board meets at least four times a year. One third of the board retire by rotation at the Annual General Meeting and may offer themselves as eligible for re-election.

Following the appointment of new directors to the board, an induction programme is arranged in order to facilitate their understanding of CAFCA Limited.

Audit committee
This committee was established to help the board discharge its responsibilities relating to the safeguarding of assets, the operating of adequate systems and controls and of adding assurance and credibility to the Company's financial reporting process.

The audit committee has the authority to conduct or authorise investigations into any matters within its scope of responsibilities. The audit committee comprises no less than three non-executive directors. The board appoints committee members and the chairman of the audit committee from among its directors. The audit committee meets no less than four times a year.

The audit committee assists the board in fulfilling its responsibilities by reviewing and making recommendations on the following:

- The financial reporting process,
- The systems of internal control,
- The process for the management of business risks,
- The audit process, and
- The Company's process for monitoring compliance with relevant laws and regulations.

Executive committee
This committee consists of the executive team, which is responsible for implementing the board's strategies, plans and policies, identifying risk for the board and for safety, health, environment and other operational matters.

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

Management reporting
The Company's performance is monitored during weekly and monthly management meetings and is supported by management reporting disciplines that include the preparation of annual business plans and monthly results reported against budgets and other targets.

Compensation committee
This committee consists of two non-executive directors who review and approve executive and staff remuneration, inclusive of bonuses and benefits as well as directors' fees, within the board's terms of reference.

Operations controls
While operating risk can never be fully eliminated, the Company endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and people are in place throughout its business. Key policies employed in managing operating risk involve the segregation of duties, transactions and authorisations, as well as monitoring financial and managerial reporting.

Directors' report

The directors have pleasure in presenting their report together with the financial statements of CAFCA Limited for the twelve months ended 30 September 2016.

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

Capital

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

Issued share capital
Issued share capital is 32 830 666 fully paid-up ordinary shares.

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

Results for the year
The results for the year are reported in the financial statements for the year ended 30 September 2016 which are set out on pages 16 to 45.

Attention to quality
Attention to quality is one of the reasons for our continued success.

At all levels we put our best endeavours into achieving product performance, safety and reliability. We monitor, control, document and regularly review all Company activities from design through to production and inspection.

We hold quality systems' accreditation and product approvals from a number of authorities both local and international.

In terms of the Articles of Association of the Company, one third of the directors, excluding the managing director, will retire by rotation each year.

In accordance with the Articles of Association, Messrs Mr G.W. Eddey, Mr E.T.Z. Chidzonga and Mr T.A. Taylor retire by rotation.

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

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

Directors' report (continued)

Employment policies
CAFCA Limited does not discriminate on the basis of race, religion, sex or disability and is committed to providing opportunities, safe working conditions and attractive remuneration to staff.

The Company endeavours to attract and retain talented and suitably qualified and experienced staff through performance-based reward systems, including an incentive bonus scheme.

Corporate governance
A statement on corporate governance is set out on page 4.

Auditors
PricewaterhouseCoopers Chartered Accountants (Zimbabwe) have indicated their willingness to continue as the Company's auditors. A resolution to authorise their re-appointment will be proposed at the Annual General Meeting.

Senior executives

The management team comprises:

Rob Webster - Managing director	
Caroline Kangara - Finance executive	Farai Mukumbira - Sales and marketing executive
Godfrey Mavera - Chief engineer	Dumisani Mhlanga- Manufacturing executive

Meetings of directors

The following table sets out the number of board meetings held by CAFCA Limited during the period under review and those attended by each director.

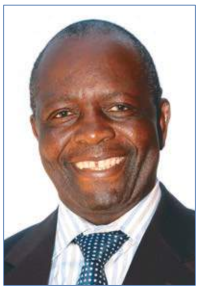
	Meetings held	Meetings attended
H.P. Mkushi	4	4
R.N. Webster	4	4
E.T.Z. Chidzonga	4	4
P. W. de Villiers	4	4
G.W. Eddey	4	4
A. Mabena	4	4
S.E. Mangwengwende	4	4
G.J.H. Steyn	4	3
T.A. Taylor	4	4

Directors' interests

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

	Number of shares	
	Shares held directly	Shares held indirectly
H.P. Mkushi	-	426 119
R.N. Webster	-	223 366
E.T.Z. Chidzonga	100	-
A. Mabena	100	-
S.E. Mangwengwende	100	-
T.A. Taylor	200	-

Directors



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

Honour is an Advocate of the High Court of Zimbabwe. He is the senior partner of Sawyer & Mkushi. He has been in private practice since 1971 and has an immaculate professional record with the Law Society of Zimbabwe. He specialises in corporate commercial banking, financial and property law practice. He has experience in constitutional law making, including attending the Geneva and Lancaster House London negotiations for Zimbabwe's Independence. He was a Commissioner involved in the drafting of the new Constitution for Zimbabwe in 1999.

Honour has sat on various boards including the following:
Chairman of the Council of Great Zimbabwe University for 6 years.
Chairman of the Board of Zimpapers for 12 years.
Chairman of the Board of Zimbabwe Mass Media Trust for 14 years.
Chairman of the Board of Leyland Zimbabwe Motor Corporation for 10 years.
Chairman of the Board of Commercial Union Insurance Company for 8 years.
Chairman of the Board of Standard Chartered Bank Zimbabwe Limited for 27 years.
Board Member of Lonrho Zimbabwe Limited – Motor and Mining.

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

Robert Neill Webster
Managing director
B.Acc. (Natal), C.A (Z)
Appointed to the board on 11 July 2006.

Rob completed his articles of clerkship with Coopers and Lybrand and left as an audit manager to join 5T Holdings as financial director. He later joined Apex Corporation Limited as financial director and progressed to divisional executive of the foundry division. Rob was then approached by the CFI group to run Victoria Foods, which then led to promotion to divisional executive - poultry.

He joined CAFCA in 2006 as managing director.

Simbarashe Emanuel Mangwengwende
Non-executive director
B.Sc. (Eng.) (Hons.) (Electrical Engineering) (University of Zimbabwe), M.Sc. (Management of Technology) (Washington University. U.S.A).
F.Z.W.E.I.E , Mem. I.E.E.E
Appointed to the board on 1 October 2006.

Simbarashe is an electrical power engineering and management specialist with extensive experience in the electricity supply industry including more than 14 years (1992 to 2006) as chief executive of the Zimbabwe Electricity Supply Authority (ZESA), the country's national utility, eight years (1981 to 1988) in electricity distribution engineering in various capacities of increasing responsibility and four years (1988 to 1992) in corporate planning.

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

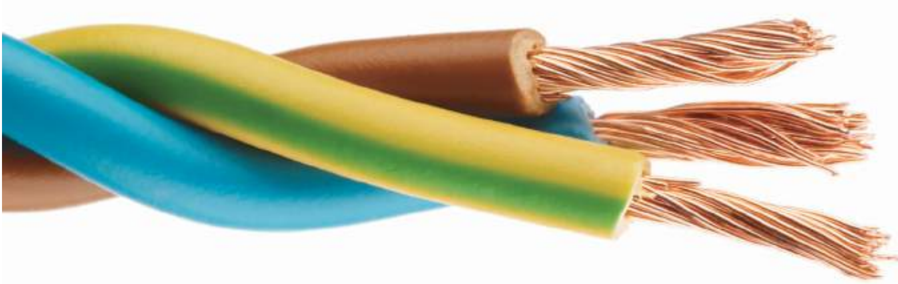
Alvord Mabena
Non-executive director
B. Sc. Mechanical Engineering
Appointed to the board on 19 February 1998.

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

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

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

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

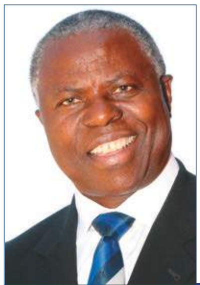


Directors (continued)

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

Tom served his articles with Pricewaterhouse where he worked in their Bulawayo, Harare and London offices. He was admitted as a partner in July 1972. Until June 1985, he was an audit partner in Bulawayo and partner in charge of the Botswana office. He then transferred to Harare as senior partner of Pricewaterhouse Central Africa (Zimbabwe, Botswana, Malawi and Mozambique). Tom retired from the firm on 30 June 1995 after having completed 10 years as a senior partner.

Currently self-employed, Tom sits on the boards of various public and private companies.



Edwin Tavengwa Zinyoro Chidzonga
Non-executive director
M.A. (Accounting & Finance) UK, F.C.C.A. (UK), F.C.M.A (UK), M.I.M. (UK)
Appointed to the board on 17 February 2000.

Edwin joined Minerals Marketing Corporation of Zimbabwe (MMCZ) as a financial controller in 1983. In 1986, he was appointed managing director designate in the MMCZ European office, Zurich. In 1990, he was appointed managing director of MMCZ Sales, Zurich. Between 1994 and 1995, Edwin worked as managing director of Standard Chartered Finance, Zimbabwe and between 1996 and 1997 worked in the bank's London Head Office. Between 1998 and 2000, Edwin worked mainly as a consultant before joining Mining Industry Pension Fund where he was the chief executive officer.

Edwin sits on the boards of AIG Zimbabwe (Private) Limited; Duly's (Private) Limited and Intermarket Life Assurance Company of Zimbabwe, among other directorships.

Currently Edwin is an Associate Director- clients and markets with Deloitte.

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

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

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

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

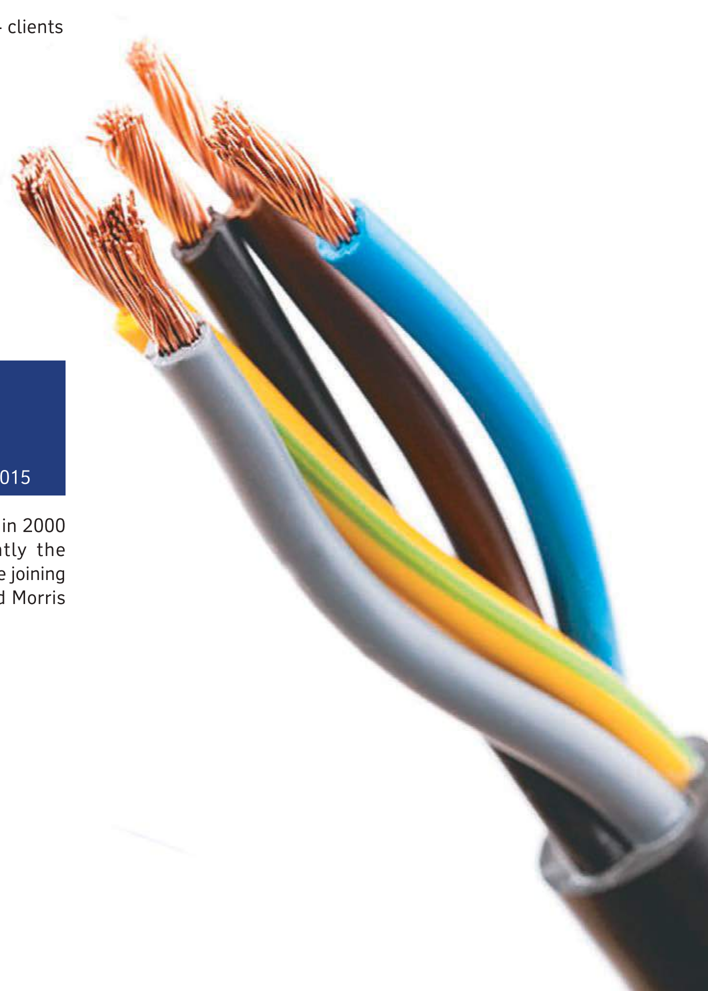
Gideon Johannes Hendrik Steyn
Non-executive director
Bcompt Hons (University of South Africa)
Appointed to the Board 19 February 2015

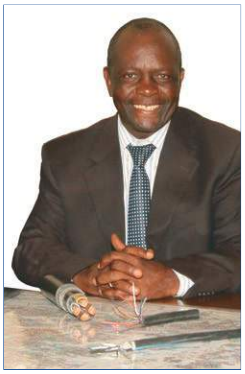
Johan completed his articles with KPMG and left as an audit supervisor to join ATC (Proprietary) Limited. After working in various tasks, capacities, Johan was appointed as Divisional Director Finance of the company. Johan was appointed as the Head of Internal Audit of Reunert Limited.

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

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

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





Chairman's statement

Overview
The 2015/2016 year is probably one of the most challenging years the Company has had to negotiate.

From 2009 we have been steadily building capacity from 795 metal tons to 3445 metal tons in 2015.

With the increase in capacity total overheads grew to US$700 000 per month. The down turn in the local economy together with the downturn in our export markets forced us to re-engineer the Company this year back to a 200 ton a month company and reduce the cost base to US$500 000 per month. This we have done successfully and with no retrenchments - the strategy is now to increase the local market share from the current 75% and to also find further niches in the export market.

Future outlook
Our current model still relies on the ZESA barter deal to contribute up to 30% of our sales. As this deal comes to an end we need to be finding opportunities to replace these sales. Initiatives to date have been in introducing new products mainly medium voltage cable which we have been producing commercially since we received our accreditation in April 2015 and finding new export markets. Exports excluding South Africa have grown this year from 175 tons to 247 tons.

Cash generation during the year has resulted in the current cash position of US$1,5 million which will allow us to be in a position to finance our raw materials and hopefully keep us in a position to continue servicing our markets.

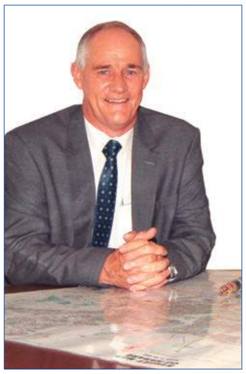
Thanks
Our customers in particular the ZESA Group remain our focus and we thank them all for the support they continue to give the Company. Our suppliers and service providers are our partners in business and we also thank them for their loyalty and support.

Our staff are our biggest asset and we thank and recognise their efforts to the Company in a very difficult operating environment.

Lastly, the Directors contribution and the Holding company support must be mentioned with thanks for their combined effort in guiding the Company through these difficult times.

H. P. Mkushi
Board Chairman

CAFCA LIMITED
10 November 2016



Managing director's report

Performance

The focus in the year was on cutting costs, re-engineering our business to a 200 ton a month business and generating cash.

Cutting costs from US$700 000 per month to US$500 000 per month involved eliminating overtime, mothballing the melter furnace, challenging all cost centres and eliminating waste.

The 200 ton a month model achieved sales locally by competing with all imports mainly on price and growing exports excluding South Africa.

Cash generation moving from borrowings of US$600 000 to cash in the bank of US$1 500 000 came from reducing stock and debtors.

Operations

The factory moved from a 3 shift to a 2 shift operation with a reduction in staff and overtime to achieve a 200 ton output in a month at the required cost.

Finished goods increased by 40 tons over the year in terms of our strategy to increase finished goods, reduce work in progress and raw materials. Unfortunately, due to the reduced volumes the average cost of production per ton increased from US$1143 to US$1489 because of lower economies of scale. The drop in costs from US$3.8 million to the minimum viable base cost of US$2.9 million was not sufficient to counter the drop in tonnage. The age of the machines is of concern with 38% of our total factory cost being repairs and maintenance.

Outlook

Our biggest concern looking ahead is being able to maintain our stocks of raw materials in the face of deteriorating foreign currency availability.

The case for volume cannot be over emphasised – dropping volumes by a third made us 30% less competitive. We need a strong local market to make us competitive in the export market.

Standards

During the year we became the first company in Zimbabwe to achieve ISO50001 certification which is a standard in Energy Management.

The Company also successfully retained its previous certifications of ISO9001 (quality management system), ISO14001 (environmental management system), OHSAS 18001 (occupational health and safety system) and the SABS Mark Certification.

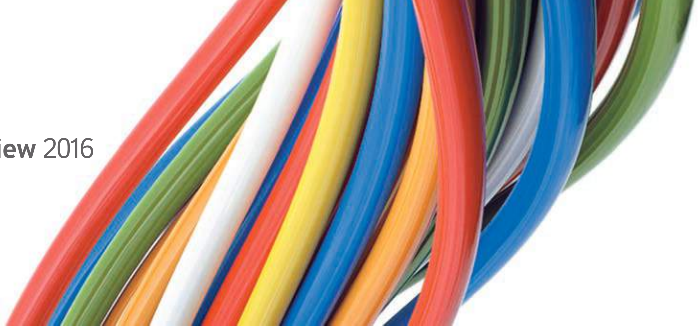
Thanks

To the Executive team of CAFCA and the staff my thanks for your contribution in reengineering CAFCA under very difficult circumstances.

To our numerous stakeholders who have assisted and supported the Company thank you.

R. N. Webster
Managing Director

CAFCA LIMITED
10 November 2016



Directors' declaration

In the opinion of the directors of CAFCA Limited, the financial statements and notes set out on pages 16 to 45 have been prepared in accordance with the Zimbabwe Companies Act (Chapter 24:03) and:

- Give a true and fair view of the financial position of the Company as at 30 September 2016 and its performance as represented by the results of its operations and its cash flows for the year then ended.

- Comply with International Financial Reporting Standards.

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

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

Signed in accordance with a resolution of the directors:

H. P. Mkushi	R. N. Webster
Chairman	Managing Director
Harare, Zimbabwe	Harare, Zimbabwe
10 November 2016	10 November 2016

Independent auditor's report

to the shareholders of CAFCA Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CAFCA Limited (the "Company") as at 30 September 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

CAFCA Limited's financial statements set out on pages 16 to 45 comprise:

- the statement of financial position as at 30 September 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with other ethical requirements applicable to performing audits in Zimbabwe.

Our audit approach

Overview

Overall materiality	US$101 551 which represents 5% of three year average profit before income tax from continuing operations.
Key audit matter	Impact of trading conditions on the entity's operations.

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

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Independent auditor's report (continued)

Materiality

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

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

Overall materiality	US$101 551
How we determined it	5% of the Company's three year average profit before income tax from continuing operations.
Rationale for the materiality benchmark applied	A benchmark of profit before income tax is considered the most appropriate benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. In 2016 the Company's profit before income tax declined by 84% which is significantly lower than the amounts reported in previous years. Due to the fluctuations, it was considered more appropriate to use a three year average profit before income tax benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impact of trading conditions on the entity's operations	
The prevailing macro-economic environment which is characterised by liquidity constraints, shortages of foreign currency and declining consumer demand has put strain on the Company's financial performance and seen management re-engineer the business from a 300 ton a month to a 200 ton a month business. For the year ended 30 September 2016 the Company's profit after tax and revenue decreased by 77% and 38% respectively. In response to the present economic climate, management has adopted various initiatives aimed at cutting costs and preserving cash in order to maintain the business' viability. These strategies have been disclosed in note 4c) to the financial statements.	We obtained an understanding of the budgetary process and evaluated assumptions for the 2017 budgets by corroborating to internal and market sources of information. These procedures included challenging the appropriateness of management's assumptions in respect of the budgetary process. In respect of the budgeting process we compared the current year actual results with the budget. The main difference between the current year results and the budget relates to lower revenues due to lower margins and demand. This in turn led the Company to scale down production until such time as market conditions improve.

Independent auditor's report (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impact of trading conditions on the entity's operations (continued)	
Management has performed an impairment assessment resulting in an impairment charge of US$10 513 for specific items of plant and equipment that are no longer in use. Refer to note 6 to the financial statements. We considered the impact of the current trading conditions on the entity's operations as a matter of most significance to the current year audit as it may have an unfavourable effect on the Company's financial performance as well as the ability of the Company to continue as a going concern.	We assessed the entity's ability to continue as a going concern and the reasonableness of management's forecasts of future performance by assessing the rationale behind the assumptions made. We considered the entity's financial performance subsequent to the reporting date as reflected in the unaduited management accounts and noted an average month on month increase in local sales which has been attributed to legislative regulations that have been promulgated by the Government of Zimbabwe to protect local manufacturers. We inspected the relevant legislation which has also been widely publicised in the local media. Sales subsequent to year end were agreed to monthly sales reports reviewed by the executive management team. In addition we also inspected confirmed orders for the up-coming months from some of the entity's key customers. We obtained management's impairment computations for plant and equipment and satisfied ourselves as to management's assumptions used by performing amongst others the following procedures. We verified the mathematical accuracy of the cash flow forecasts and inspected the inputs in the computation. These inputs were agreed to supporting documentation such as management budgets which have been approved by the Board of Directors. We also held discussions with management to understand the basis of the assumptions used. Management's strategy has also focused on cash preservation and we independently confirmed the closing cash balance which has improved from an overdraft position of US$631 015 at 30 September 2015 to a positive balance of US$1 473 000 at 30 September 2016.

Other information

The directors are responsible for the other information. The other information comprises the Overview, the Sustainability Report and the Shareholder and other Supplementary Information, which we obtained prior to the date of this auditor's report. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the financial statements

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

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

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

PricewaterhouseCoopers

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

16 January 2017

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T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

Statement of financial position

As at 30 September 2016

	Notes	2016 US$	2015 US$
ASSETS			
Non-current assets			
Property, plant and equipment	6	3 246 265	3 416 831
Loans and receivables	7	18 540	18 540
		3 264 805	3 435 371
Current assets			
Inventories	8	8 307 412	9 540 613
Current income tax assets	14	84 085	-
Trade and other receivables	9	3 326 334	5 320 445
Cash and cash equivalents (excluding bank overdraft)	10	1 473 598	49 508
		13 191 429	14 910 566
Total assets		16 456 234	18 345 937
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to owners of the parent			
Share capital	11.2	328	328
Share premium	11.2	169 281	138 081
Share option reserve	11.3	5 300	57 733
Retained earnings		14 534 256	14 115 652
Total equity		14 709 165	14 311 794
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	12	682 411	624 882
Current liabilities			
Trade and other payables	13	735 654	2 376 149
Current income tax liabilities	14	-	26 225
Provisions for other liabilities and charges	15	329 004	326 364
Borrowings	16	-	680 523
		1 064 658	3 409 261
Total liabilities		1 747 069	4 034 143
Total equity and liabilities		16 456 234	18 345 937

The notes on pages 20 to 45 are an integral part of these financial statements.

These financial statements were approved for issue by the board of directors on 10 November 2016 and signed on its behalf by:

H.P Mkushi
Chairman

R.N Webster
Managing Director

Statement of comprehensive income

For the year ended 30 September 2016

	Notes	2016 US$	2015 US$
Revenue	**17**	18 148 818	29 310 805
Cost of sales	**18**	(14 039 000)	(23 332 936)
Gross profit		4 109 818	5 977 869
Distribution costs	**18**	(90 183)	(124 753)
Administrative expenses	**18**	(3 313 920)	(3 643 092)
Other income	**19**	42 373	208 142
Other gains	**20**	9 108	27 109
Operating profit		757 196	2 445 275
Finance income	**21**	-	10 009
Finance costs	**22**	(79 168)	(2 733)
Profit before income tax		678 028	2 452 551
Income tax expense	**23**	(259 424)	(656 027)
Profit for the year		418 604	1 796 524
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		418 604	1 796 524
Attributable to:			
- Owners of CAFCA Limited		418 604	1 796 524
- Non-controlling interests		-	-
		418 604	1 796 524
		cents	**cents**
Basic earnings per share	**24.1**	1.28	5.48
Diluted earnings per share	**24.2**	1.25	5.37

The notes on pages 20 to 45 are an integral part of these financial statements.

Statement of changes in equity

For the year ended 30 September 2016

	Share capital US$	Share premium US$	Share option reserve US$	Retained earnings US$	Total US$
Year ended 30 September 2015					
Balance at 1 October 2014	326	87 699	41 722	12 139 864	12 269 611
Total comprehensive income for the year	-	-	-	1 796 524	1 796 524
Profit for the year	-	-	-	1 796 524	1 796 524
Other comprehensive income for the year	-	-	-	-	-
Reversal of impairment loss	-	-	-	179 264	179 264
Transactions with owners in their capacity as owners:					
Issue of shares	2	12 398	-	-	12 400
Share options	-	37 984	16 011	-	53 995
Balance at 30 September 2015	328	138 081	57 733	14 115 652	14 311 794
Year ended 30 September 2016					
Balance at 1 October 2015	328	138 081	57 733	14 115 652	14 311 794
Total comprehensive income for the year	-	-	-	418 604	418 604
Profit for the year	-	-	-	418 604	418 604
Other comprehensive income for the year	-	-	-	-	-
Transactions with owners in their capacity as owners:					
Issue of shares	-	7 200	-	-	7 200
Share options	-	24 000	(52 433)	-	(28 433)
Balance at 30 September 2016	328	169 281	5 300	14 534 256	14 709 165

The notes on pages 20 to 45 are an integral part of these financial statements.

Statement of cash flows

For the year ended 30 September 2016

	Notes	2016 US$	2015 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		678 028	2 452 551
Adjustments for:			
Depreciation	6	319 270	310 037
Impairment of property, plant and equipment	6	10 513	-
Profit on disposal of property, plant and equipment	20	(9 107)	(27 109)
Non-cash employee benefit expense - share based payment	18.1	(28 433)	53 995
Finance income	21	-	(10 009)
Finance costs	22	79 168	2 733
Provision for slow moving and obsolete inventories	8	44 318	(9 610)
Allowance for impairment of trade receivables	9	(39 771)	(135 369)
Working capital changes:			
Decrease/(increase) in inventories		1 188 883	(2 327 155)
Decrease/(increase) in trade and other receivables		2 033 882	(1 877 880)
(Decrease)/increase in trade and other payables		(1 640 495)	779 592
Increase/(decrease) in provision for other liabilities and charges		2 640	(53 961)
Net cash generated from/(utilised in) operations		2 638 896	(842 185)
Finance income	21	-	10 009
Finance costs	22	(79 168)	(2 733)
Income taxes paid	14	(312 205)	(675 063)
Net cash generated from/(utilised in) operating activities		2 247 523	(1 509 972)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	(173 684)	(415 275)
Proceeds from sale of property, plant and equipment		23 574	34 050
Net cash utilised in investing activities		(150 110)	(381 225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares	11.2	7 200	12 400
Net cash generated from financing activities		7 200	12 400
Net increase/(decrease) in cash and cash equivalents		2 104 613	(1 878 797)
Cash and cash equivalents at the beginning of the year		(631 015)	1 247 782
Cash and cash equivalents at the end of the year	10	1 473 598	(631 015)

The notes on pages 20 to 45 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 September 2016

1 GENERAL INFORMATION

CAFCA Limited (the "Company") is a public limited liability company incorporated in Zimbabwe. The Company has its primary listing on the Zimbabwe Stock Exchange and secondary listing on the Johannesburg Stock Exchange. These financial statements were approved for issue by the Board of Directors on 10 November 2016.

Scheme of reconstruction

A scheme of reconstruction was approved by the board of directors on 22 September 2015 and subsequently approved by the Zimbabwe Revenue Authority ("ZIMRA") with effect from 9 March 2016. The scheme involved a transfer of assets and liabilities previously held in BICC Central Africa (Private) Limited, previously the operating subsidiary, to the holding Company CAFCA Limited (together the "Group"). As a result of the scheme of reconstruction, BICC Central Africa (Private) Limited is now a dormant company and CAFCA Limited (the "Company") is now the operating company. The financial statements are no longer prepared on a consolidated basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.2 Changes in accounting policy and disclosures

a) New standards, amendments and interpretations effective for the first time for 30 September 2016 year-ends

New standards, amendments and interpretations effective for the first time for 30 September 2016 year ends
There are no new standards, amendments and interpretations effective for the first time for 30 September 2016 year ends that are relevant to the Company.

b) New standards, amendments and interpretations issued but not effective for 30 September 2016 year ends that are relevant to the Company but have not been early adopted

Standards/interpretation	Effective date	Executive summary
Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative	1 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
Amendment to IAS 7, 'Cash flow statements'	1 January 2017	In January 2016, the International Accounting Standards Board ("IASB") issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.
Amendment to IAS 12, 'Income taxes'	1 January 2017	The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

b) New standards, amendments and interpretations issued but not effective for 30 September 2016 year ends that are relevant to the Company but have not been early adopted (continued)

Standards/interpretation	Effective date	Executive summary
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation	1 January 2016	In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.
Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions	1 January 2018	The IASB issued an amendment to IFRS 2, 'Share-based payment', addressing three classification and measurement issues. The amendment addresses the accounting for cash-settled, share-based payments and equity-settled awards that include a 'net settlement' feature in respect of withholding taxes. The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.
IFRS 9, 'Financial instruments' (2009 and 2010) • Financial liabilities • Derecognition of financial instruments • Financial assets • General hedge accounting	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.
IFRS 15, 'Revenue from contracts with customers'	1 January 2018	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.
Amendment to IFRS 15, 'Revenue from contracts with customers'	1 January 2018	The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

c) New standards, amendments and interpretations issued but not yet effective for 30 September 2016 year ends that are not relevant to the Company

Standards/interpretation	Effective date	Executive summary
Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants	1 January 2016	In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41.
Amendments to IAS 27, 'Separate financial statements' on equity accounting	1 January 2016	In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.
Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments'	1 January 2018	These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will: • give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and • give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard - IAS 39.
Amendment to IFRS 9, Financial instruments', on general hedge accounting	1 January 2018	The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following: • The own credit risk requirements for financial liabilities. • Classification and measurement requirements for financial assets. • Classification and measurement requirements for financial assets and financial liabilities. • The full current version of IFRS 9 (that is, classification and measurement requirements for financial assets and financial liabilities and hedge accounting). The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets	Postponed (initially 1 January 2016)	The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures. The reason for making the decision to postpone the effective date is that the IASB is planning a broader review that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

c) New standards, amendments and interpretations issued but not yet effective for 30 September 2016 year ends that are not relevant to the Company (continued)

Standards/interpretation	Effective date	Executive summary
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption	1 January 2016	The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	1 January 2016	This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.
IFRS 14, 'Regulatory deferral accounts'	1 January 2016	The IASB has issued IFRS 14, ‘Regulatory deferral accounts’ specific to first time adopters (‘IFRS 14’), an interim standard on the accounting for certain balances that arise from rate-regulated activities (‘regulatory deferral accounts’). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.
IFRS 16, 'Leases'	1 January 2019	After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the statement of financial position. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee’s assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee’s financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee’s assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, ‘Leases’, IFRIC 4, ‘Determining whether an arrangement contains a lease’, SIC 15, ‘Operating leases – incentives’ and SIC 27, ‘Evaluating the substance of transactions involving the legal form of a lease’.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

d) Improvements to IFRS

Annual improvements 2014, issued September 2014

In September 2014, the IASB issued annual improvements to IFRSs 2012 - 2014 cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments are effective for annual periods beginning on or after 1 January 2016.

Annual improvements	Effective date	Subject of amendment
Amendment to IFRS 5, 'Non-current assets held for sale and discontinued operations'	1 January 2016	This is an amendment to the changes in methods of disposal – assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
Amendment to IFRS 7, 'Financial instruments: Disclosures'	1 January 2016	Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the Board noted that IAS 34 requires an entity to disclose '[…] an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.
Amendment to IFRS 7, 'Financial instruments: Disclosures'	1 January 2016	Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.
Amendment to IAS 19, 'Employee benefits'	1 January 2016	Discount rate: regional market issue - The amendment to IAS 19 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
Amendment to IAS 34, 'Interim financial reporting'	1 January 2016	Disclosure of information 'elsewhere in the interim financial report' The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

There are no other new or amended IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Common control transactions

A combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory and is excluded from the scope of IFRS 3, 'Business Combinations'. The board of directors made a policy choice to use predecessor accounting for common control transactions.

No assets or liabilities are restated to their fair values. Instead, the acquirer incorporates predecessor carrying values. These are the carrying values that are related to the acquired entity. They are generally the carrying amounts of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. These amounts include any goodwill recorded at the consolidated level in respect of the acquired entity. If no consolidated financial statements are produced, the values used are those from the financial statements of the acquired entity.

The acquired entity's results and statement of financial position are incorporated retrospectively from the date on which the business combination between entities under the same control occurred. Consequently, the financial statements do reflect the results of the acquired entity for the period before the transaction occurred. The Company's separate financial statements include the subsidiary's full year's results (including comparatives).

2.3 Segment reporting

An operating segment is a component of an entity:

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

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

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

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in the United States Dollar ("US$"), which is the Company's presentation and functional currency.

b) Transactions and balances

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

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

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the income statement during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	10 to 15 years
Motor vehicles	3 to 10 years
Office equipment	3 to 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of assets are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately

Notes to the financial statements

For the year ended 30 September 2016 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Impairment of non-financial assets (continued)

identifiable cash inflows which are largely independent cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal at the end of each reporting date.

2.7 Financial assets

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. These are classified as non current assets. The Company's loans and receivables comprise trade and other receivables, loans and receivables and cash and cash equivalents in the statement of financial position.

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

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

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

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

Impairment of financial assets
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event or events has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company can measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.9 Inventories

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

2.10 Trade and other receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amount is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

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

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

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

Notes to the financial statements

For the year ended 30 September 2016 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Trade and other receivables (continued)

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

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

Receivables for which an impairment allowance was recognised are written off against the allowance when there is no expectation of recovering additional cash.

Impairment losses are recognised in the income statement within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses.

2.11 Cash and cash equivalents

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

2.12 Share capital

Ordinary shares are classified as equity.

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

2.13 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Zimbabwe. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. lt establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or liability settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Current and deferred income tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.14 Trade and other payables

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

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

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Borrowings (continued)

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.18 Revenue recognition

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

The Company recognises revenue when the amount can be reliably measured; it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company activities as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods - wholesale

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

(b) Sales of goods - retail

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

2.19 Interest income

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

2.20 Employee benefits

(a) Pension obligations

The Company operates a defined contribution plan.

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

(b) Termination benefits

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

(c) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(d) Bonus plans

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

(e) Share-based payments

Share based compensation benefits are provided to employees through an equity settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of options granted under the employee option plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

Notes to the financial statements

For the year ended 30 September 2016 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Share-based payments (continued)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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

2.21 Dividends

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

2.22 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(b) Diluted earnings per share

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

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

2.23 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

Risk management is carried out under policies approved by the Board of Directors (the "board"). The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity.

(a) Market risk

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

i) Foreign exchange risk

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

The Company is exposed to foreign exchange risk arising from various currency exposures on purchases that are denominated in a currency other than the US$, primarily with respect to the South African Rand ("ZAR").

Management has set up a policy requiring the Company to manage its foreign exchange risk against their functional currency. The Company's primary method of managing foreign exchange risk is to match the Company's principal cash outflows to the currency in which the principal cash inflows are denominated. This is generally achieved by converting all currencies received into US$.

As at the reporting date however, the Company had no significant exposures to foreign exchange risk (2015: US$nil).

ii) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk and currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all financial instruments traded in the market.

The Company is not exposed to equity securities or commodity price risk because it had no assets nor obligations that expose the Company to these risks at the reporting date (2015: US$nil).

iii) Cash flow and fair value interest rate risk

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

As the Company has no significant interest-bearing assets, the Company's income is substantially independent of changes in market interest rates (2015: US$nil).

The Company has no borrowings issued at variable rates and is therefore not exposed to cash flow interest rate risk (2015: US$nil).

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contract. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, loans and receivables, investments, as well as credit exposures to wholesale and retail customers including outstanding trade receivables. The Company manages and analyses credit risk for each of their new customers before standard payment and delivery terms and conditions are offered.

Only approved financial institutions with sound capital bases are utilised to invest surplus funds. For customers, credit control assesses the credit worthiness of the customers before credit is granted.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The executive management team meets regularly to manage the concentration of credit risk and set and assess limits for individual customers. The team assesses the credit risk quality of the customer, taking into account its financial position, past experience and other factors. Counterparty specific exposure is monitored against concentration of credit risk in relation to the total credit risk exposure to all counterparties. The Company has well established credit control procedures that monitor activity on a customer account and allow for remedial action should the customer not comply with payment terms. Payment terms and credit limits vary between customer classes as follows:

- key customer: individually negotiated up to a maximum of 60 days
- other customers: 30 days

Credit limits are monitored based on the financial position and history of the customer's ability to pay. In the view of management, the credit quality of trade receivables is considered sound and there is no recent history of significant default. Management does not expect any losses from non-performance by counter parties.

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

	2016 US$	2015 US$
Loans and receivables	18 540	18 540
Trade and other receivables (excluding prepayments and statutory receivables)	3 030 462	5 222 251
Cash at bank	1 276 026	29 143
	4 325 028	5 269 934
The Company's maximum exposure to credit risk by class of financial assets for off-statement of financial position financial assets is as follows:		
Financial guarantee	-	112 576

In prior year, CAFCA Limited held a financial guarantee of US$250 000 in the event that its dormant subsidiary BICC Central Africa (Private) Limited failed to settle the amount overdrawn. As at 30 September 2016 the overdrawn amounts were fully paid up.

The fair value of cash and cash equivalents at 30 September 2016 approximates the carrying amount because of their short nature.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2016 US$	2015 US$
Trade receivables (excluding amounts due from related parties receivables)		
Counterparties without external credit rating:		
Group 1 - Existing customers with no defaults in the past.	3 018 606	5 164 178
Group 2 - Existing customers with some defaults in the past. All defaults were fully recovered.	27 981	115 084
Total trade receivables	3 046 587	5 279 262

The concentration of credit risk with Zimbabwe Electricity Transmission and Distribution Company ("ZETDC") as at 30 September 2016 was US$1 177 599 (2015: US$3 398 891).

	2016 US$	2015 US$
Other receivables (excluding prepayments and statutory receivables)		
Receivables from once off transactions with third parties	3 344	2 229

The Company has procedures in place to assess whether to enter into once off transactions with third parties, including mandatory credit checks.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Cash and cash equivalents

There are no significant concentrations of credit risk with respect to cash and cash equivalents as the Company holds cash accounts with large financial institutions with sound financial and capital cover. The financial institutions holding the Company's cash and cash equivalents have the following credit ratings based on the Global Credit Rating Company:

Rating	2016 US$	2015 US$
A+	50 380	19 979
A	192 408	824
AA-	951 118	3 773
BB+	37 920	-
BBB-	44 200	4 567
	1 276 026	29 143

The balance of cash and cash equivalents comprises cash balances held by the entity amounting to US$197 572 (2015: US$20 365).

Loans and receivables		
Treasury bills	18 540	18 540

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

(c) Liquidity risk

Liquidity risk is the risk that the Company may fail to meet its payment obligations when they fall due, the consequences of which may be the failure to meet the obligations to creditors. Prudent liquidity risk management implies maintaining sufficiant cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Company identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

Cash flow forecasting is performed by management. Management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom onits undrawn committed borrowing facilities (note 16) at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and compliance with internal statement of financial position ratio targets.

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

	2016 US$	2015 US$
Bank overdraft	5 750 000	5 319 562
Letters of credit	-	836 501
	5 750 000	6 156 063

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

Notes to the financial statements

For the year ended 30 September 2016 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Company's non-derivative financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

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

	Up to 1 month US$	1 month to 6 months US$	6 months to 1 year US$	1 year to 5 years US$	Total US$
At 30 September 2016					
Assets					
Loans and receivables	-	-	6 180	12 360	18 540
Trade and other receivables (excluding prepayments and statutory receivables)	2 043 364	987 098	-	-	3 030 462
Cash and cash equivalents	1 473 598	-	-	-	1 473 598
	3 516 962	987 098	6 180	12 360	4 522 600
Liabilities					
Trade and other payables (excluding statutory liabilities)	661 358	-	-	-	661 358
Liquidity gap	2 855 604	987 098	6 180	12 360	3 861 242
Cumulative liquidity gap	2 855 604	3 842 702	3 848 882	3 861 242	-
At 30 September 2015					
Assets					
Loans and receivables	-	-	-	18 540	18 540
Trade and other receivables (excluding prepayments and statutory receivables)	3 752 971	1 469 280	-	-	5 222 251
Cash and cash equivalents	49 508	-	-	-	49 508
	3 802 479	1 469 280	-	18 540	5 290 299
Liabilities					
Trade and other payables (excluding statutory liabilities)	1 321 170	830 385	-	-	2 151 555
Borrowings	680 523	-	-	-	680 523
	2 001 693	830 385	-	-	2 832 078
Liquidity gap	1 800 786	638 895	-	18 540	2 458 221
Cumulative liquidity gap	1 800 786	2 439 681	2 439 681	2 458 221	-

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

Notes to the financial statements

For the year ended 30 September 2016 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and, to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio at 30 September was as follows:

	2016 US$	**2015 US$**
Total borrowings (note 16)	-	680 523
Less: cash and cash equivalents	(1 473 598)	(49 508)
(Net cash)/debt and cash equivalents	(1 473 598)	631 015
Total equity	14 709 165	14 311 794
Total capital	13 235 567	14 942 809
Gearing ratio	-	4%

3.3 Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities traded on active markets.

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level Includes non-listed equity investments.

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

The Company had no financial assets or financial liabilities carried at fair value at 30 September 2016 (2015: US$nil).

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

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

Notes to the financial statements

For the year ended 30 September 2016 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (comtinued)

	2016 US$ Carrying value	2016 US$ Fair value	2015 US$ Carrying value	2015 US$ Fair value
Financial assets				
Loans and receivables	18 540	18 540	18 540	18 540
Trade and other receivables (excluding prepayments and statutory receivables)	3 030 462	3 030 462	5 222 251	5 222 251
Cash and cash equivalents	1 473 598	1 473 598	49 508	49 508
	4 522 600	4 522 600	5 290 299	5 290 299
The carrying amount of trade and other receivables closely approximates its fair value as the instruments are short term in nature. The carrying amounts of loans and receivables closely approximate their fair values.				
Financial liabilities				
Trade and other payables (excluding statutory liabilities)	661 358	661 358	2 151 555	2 151 555
Borrowings	-	-	680 523	680 523
	661 358	661 358	2 832 078	2 832 078

The carrying amounts of financial liabilities carried at amortised cost closely approximate their fair values. The impact of discounting is not significant due to the market terms (rates and tenor) available (borrowings) and because the instruments are short term in nature (trade and other payables).

3.4 Financial instruments by category

	2016 US$	2015 US$
Assets as per statement of financial position:		
Loans and receivables:		
Loans and receivables	18 540	18 540
Trade and other receivables (excluding prepayments and statutory receivables)	3 030 462	5 222 251
Cash and cash equivalents	1 473 598	49 508
	4 522 600	5 290 299
Liabilities as per statement of financial position:		
Financial liabilities at amortised cost:		
Trade and other payables (excluding statutory liabilities)	661 358	2 151 555
Borrowings	-	680 523
	661 358	2 832 078

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact current and deferred income tax assets and liabilities in the period in which such determination is made.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (continued)

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

The Company's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on projected life cycles of these assets. It could change significantly as result of technological innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

The carrying amount of property, plant and equipment would be an estimated US$31 927 (2015: US$31 004) lower or higher were the useful lives to differ from management's estimate by 10%.

c) Going concern

The Company's ability to continue operating as a going concern may be negatively impacted by the following:
- The general macroeconomic environment characterised by adverse liquidity and the shortage of foreign currency in circulation may affect the Company's operations as it imports some of its raw materials.
- The commodity exchange agreement with the Zimbabwe Electricity Transmission and Distribution Company ("ZETDC") has been forecast to remain viable but copper reserves are anticipated to be near depletion. This agreement has in the past contributed significantly towards revenue.
- The profitability of the Company declined year on year, with the Company reporting a profit before income tax of US$678 028 for the year ended 30 September 2016, compared to a profit before income tax of US$2 452 551 for the same period last year.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in existence for the foreseeable future. Management has assessed that the Company will continue operating as a going concern, based on the following strategies:
- enhancing production efficiency and quality;
- cost containment and reduction measures, including staff rationalisation;
- capital expenditure rationalisation and optimising efficiencies on existing capital;
- renegotiation of contracts with major suppliers and customers to achieve cost reduction;
- access to approved, un-drawn overdraft facilities of US$5 750 000.

The Company has experienced improved local sales subsequent to year end attributable to regulatory measures that have been implemented to promote local production and sales. In addition the Company has generated net cash from operating activities during the year under review and has significant inventory balances at the year end to meet anticipated future production.

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

5. SEGMENTAL INFORMATION

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

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

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

	2016 US$	2015 US$
Revenue from customers domiciled in Zimbabwe	16 257 021	23 801 710
Revenue from external customers	1 891 797	5 509 095
	18 148 818	29 310 805
Revenues from transactions with single local customers that amounted to 10% or more of the Company's revenues, amount to approximately US$6 007 571 (2015: US$12 406 957). These revenues are attributable to customers domiciled in Zimbabwe. The breakdown of the revenue from one major individual local customer with revenue of at least 10% each is as follows:		
Energy transmission	6 007 571	12 406 957

Entity-wide information

The total of non-current assets located in Zimbabwe is US$3 264 805 (2015: US$3 435 371), and there are no non-current assets located in other countries.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

5. SEGMENTAL INFORMATION (continued)

The segment information provided to the executive team for the product reportable segments for the year ended 30 September is as follows:

	2016 Cables US$	2016 Total US$	2015 Cables US$	2015 Total US$
Revenue from customers	18 148 818	18 148 818	29 310 805	29 310 805
Depreciation	319 270	319 270	310 037	310 037
Share option (credit)/charge	(28 433)	(28 433)	53 995	53 995
Profit before interest and taxation	757 196	757 196	2 445 275	2 445 275
Finance income	-	-	10 009	10 009
Finance cost	79 168	79 168	2 733	2 733
Income tax expense	259 424	259 424	656 027	656 027
Total assets	16 456 234	16 456 234	18 345 937	18 345 937
Total liabilities	1 747 069	1 747 069	4 034 143	4 034 143

6. PROPERTY, PLANT AND EQUIPMENT

	Land US$	Buildings US$	Plant and equipment US$	Motor vehicles US$	Office equipment US$	Total US$
Year ended 30 September 2015						
Opening net book amount	105 143	701 097	1 954 570	357 385	21 075	3 139 270
Additions	-	-	257 264	136 386	21 625	415 275
Reversal of previously impaired asset	-	-	179 264	-	-	179 264
Disposal	-	-	-	(6 941)	-	(6 941)
Depreciation charge	-	(20 307)	(147 233)	(133 421)	(9 076)	(310 037)
Closing net book amount	105 143	680 790	2 243 865	353 409	33 624	3 416 831
At 30 September 2015						
Cost	105 143	809 856	2 982 362	851 696	54 925	4 803 982
Accumulated depreciation	-	(129 066)	(738 497)	(498 287)	(21 301)	(1 387 151)
Net book amount	105 143	680 790	2 243 865	353 409	33 624	3 416 831
Year ended 30 September 2016						
Opening net book amount	105 143	680 790	2 243 865	353 409	33 624	3 416 831
Additions	-	-	73 249	100 435	-	173 684
Disposals	-	-	-	(14 467)	-	(14 467)
Impairment loss	-	-	(10 513)	-	-	(10 513)
Depreciation charge	-	(20 307)	(170 490)	(107 781)	(20 692)	(319 270)
Closing net book amount	105 143	660 483	2 136 111	331 596	12 932	3 246 265
At 30 September 2016						
Cost	105 143	809 856	3 055 611	937 664	54 925	4 963 199
Accumulated depreciation and impairment	-	(149 373)	(919 500)	(606 068)	(41 993)	(1 716 934)
Net book amount	105 143	660 483	2 136 111	331 596	12 932	3 246 265

Depreciation expense of US$133 549 (2015: US$147 409) has been charged in 'administrative expenses' and US$185 720 (2015: US$162 628) has been charged in cost of sales.

The impairment loss of US$10 513 relates to plant and equipment decommissioned during the year and no longer in use. The plant and equipment was impaired to US$nil and the impairment loss recognised in the income statement.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

	2016 US$	2015 US$
7. LOANS AND RECEIVABLES		
Treasury bills	18 540	18 540
The maturity analysis of treasury bills is as follows:		
10 April 2017	6 180	6 180
10 April 2018	6 180	6 180
10 April 2019	6 180	6 180
	18 540	18 540

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

Loans and receivables are denominated in US$ and earn interest at 2% per annum.

The maximum exposure to credit risk at the reporting date is the carrying value of the securities classified as loans and receivables.

None of the loans and receivables are either past due or impaired.

The Company does not hold any collateral as security.

The carring amount of loans and receivables is considered to be the same as their fair value as the impact of discounting is insignificant.

8. INVENTORIES

	2016 US$	2015 US$
Raw materials and consumables	3 834 115	4 320 936
Work in progress	601 679	1 495 429
Finished goods	3 956 426	3 772 885
Goods in transit	8 147	-
	8 400 367	9 589 250
Provision for slow moving and obsolete inventories	(92 955)	(48 637)
	8 307 412	9 540 613

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to US$11 165 095 (2015: US$19 399 439).

There were no inventories written down to net realisable value during the year (2015: US$nil). There were no inventories pledged as security during the year (2015: US$nil).

9. TRADE AND OTHER RECEIVABLES

	2016 US$	2015 US$
Trade receivables	3 046 587	5 279 262
Less: allowance for impairment of trade receivables	(19 469)	(59 240)
Trade receivables - net	3 027 118	5 220 022
Prepayments	117 777	98 194
Value added tax (''VAT'') refundable	178 095	-
Other receivables	3 344	2 229
	3 326 334	5 320 445

At 30 September 2016, trade receivables of US$3 032 696 (2015: US$5 095 676) were fully performing.

At 30 September 2016, trade receivables of US$5 379 (2015: US$124 346) were past due but not impaired. At 30 September 2016, the ageing analysis of past due but not impaired trade receivables is as follows:

	2016 US$	2015 US$
1 month to 3 months	5 379	124 346

Notes to the financial statements

For the year ended 30 September 2016 (continued)

	2016 US$	2015 US$
9. TRADE AND OTHER RECEIVABLES (continued)		
At 30 September 2016, trade receivables of US$8 512 (2015: US$59 240) were past due and impaired. Individually impaired trade receivables relate to customers that are experiencing economic difficulties. The Company expects that a portion of the receivables will be recovered and has recognised impairment losses of US$19 469 (2015: US$59 240). The ageing analysis of past due and impaired trade receivables is as follows:		
1 month to 6 months	-	9 791
6 months to 1 year	8 512	49 449
	8 512	59 240
The movement in the allowance for impairment of trade receivables is follows:		
At 1 October	59 240	194 609
Reversal of previous allowances for impairment	(59 240)	(121 179)
Unused amount reversed	-	(19 506)
Allowance for impairment recognised during the year	19 469	5 316
At 30 September	19 469	59 240
Amounts recognised in profit or loss		
During the year, the following gains/(losses) were recognised in the income statement in relation to impaired receivables:		
Allowance for impairment		
- individually impaired receivables	-	-
- movement in allowance for impairment	(19 469)	14 190
Reversal of previous allowance for impairment	59 240	121 179
	39 771	135 369

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

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

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

	2016 US$	2015 US$
10. CASH AND CASH EQUIVALENTS		
Cash at bank	1 276 026	29 143
Cash in hand	197 572	20 365
Cash and cash equivalents (excluding bank overdraft)	1 473 598	49 508
Cash and cash equivalents include the following for the purposes of the statement of cash flows:		
Cash and cash equivalents (excluding bank overdraft)	1 473 598	49 508
Bank overdraft (note 16)	-	(680 523)
	1 473 598	(631 015)
11. RESERVES		
11.1 Authorised		
50 000 000 ordinary shares of US$0.00001 each.	500	500
100 000 5.5% cumulative prefered shares at US$0.00001 each	-	-

Notes to the financial statements

For the year ended 30 September 2016 (continued)

11. RESERVES (continued)

11.2 Issued and fully paid

	Number of shares US$	Ordinary shares US$	Share premium US$	Total US$
At 1 October 2014	32 667 333	326	87 699	88 025
Employee share option scheme:				
Shares issued	103 333	2	12 398	12 400
Share options	-	-	37 984	37 984
At 30 September 2015	32 770 666	328	138 081	138 409
At 1 October 2015	32 770 666	328	138 081	138 409
Employee share option scheme:				
Shares issued	60 000	-	7 200	7 200
Share options	-	-	24 000	24 000
At 30 September 2016	32 830 666	328	169 281	169 609

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

11.3 Share option reserve

Share options are granted to directors and selected employees. The directors were empowered to allot 3 232 700 unissued ordinary shares to senior personnel for the purpose of fulfilling the requirements of the employee share option scheme. The exercise price of the granted options is equal to the market prices of the shares on the date of the grant. Under the scheme, share options granted in 2010 were exercisable between 31 December 2013 and 31 December 2015 at a price of US$0.12 cents per share and share options granted in 2015 are exercisable between 31 December 2015 and 31 December 2020 at a price of US$0.25 cents per share. The Company has no legal or constructive obligation for repurchase or to settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2016 Number ofshare options issued US$	2016 Exercise price per share US$	2015 Number of share options issued US$	2015 Exercise price per share US$
Outstanding at the beginning of the year	148 334	0.12	251 667	0.12
Outstanding at the beginning of the year	540 000	0.25	-	-
Granted	-	-	540 000	0.25
Exercised	(60 000)	0.12	(103 333)	0.12
Total outstanding at the end of the year	628 334		688 334	
Options authorised	3 232 700		3 232 700	

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

Grant date	Exercisable date	Expiry date	Exercise price per share US$	2016 Number of share options	2015 Number of share options
16 September 2010	1 October 2013	31 December 2020	0.12	-	45 001
16 September 2010	1 October 2014	31 December 2020	0.12	-	-
16 September 2010	1 October 2015	31 December 2020	0.12	88 334	103 333
1 October 2015	1 October 2018	31 December 2020	0.25	180 000	180 000
1 October 2015	1 October 2019	31 December 2020	0.25	180 000	180 000
1 October 2015	1 October 2020	31 December 2020	0.25	180 000	180 000
				628 334	688 334

Of the 628 334 outstanding share options, 88 334 (2015: 148 334) are currently exercisable. The share-based transactions are valued using the intrinsic value method because the fair value of the instruments cannot be estimated reliably as there are no similar traded options. The intrinsic value is the difference between the market value of the share to which the employee has the right to subscribe or which the employee has the right to receive and the price the employee is required to pay for those shares.

Notes to the financial statements

For the year ended 30 September 2016 (continued)

11. RESERVES (continued)

11.3 Share option reserve (continued)

All the outstanding share options are held by key management.

The movement on the share option reserve is as follows:

	2016 US$	2015 US$
At 1 October	57 733	41 722
(Credit)/charge to the income statement	(52 433)	16 011
At 30 September	5 300	57 733

12. DEFERRED INCOME TAXES

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

	2016 US$	2015 US$
Deferred income tax assets:		
Deferred income tax assets to be recovered after more than 12 months	(5 013)	(15 254)
Deferred income tax assets to be recovered within 12 months	(31 130)	(36 399)
	(36 143)	(51 653)
Deferred income tax liabilities:		
Deferred income tax liabilities to be recovered after more than 12 months	688 226	651 253
Deferred income tax liabilities to be recovered within 12 months	30 328	25 282
	718 554	676 535
Deferred income tax liabilities (net)	682 411	624 882

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

	2016 US$	2015 US$
At 1 October	624 882	633 336
Income statement credit/(charge)	57 529	(8 454)
At 30 September	682 411	624 882

Deferred income tax assets	Revenue received in advance US$	Allowance for impairment US$	Other US$	Total US$
At 1 October 2014	(12 444)	(50 117)	(3 550)	(66 111)
(Charge)/credit to the income statement	(12 838)	34 863	(7 567)	14 458
At 30 September 2015	(25 282)	(15 254)	(11 117)	(51 653)
At 1 October 2015	(25 282)	(15 254)	(11 117)	(51 653)
(Charge)/credit to the income statement	(5 046)	10 241	10 315	15 510
At 30 September 2016	(30 328)	(5 013)	(802)	(36 143)

Deferred income tax liabilities	Accelerated depreciation US$	Total US$
At 1 October 2014	699 447	699 447
Charge to the income statement	(22 912)	(22 912)
At 30 September 2015	676 535	676 535
At 1 October 2015	676 535	676 535
Credit to the income statement	42 019	42 019
At 30 September 2016	718 554	718 554

Notes to the financial statements

For the year ended 30 September 2016 (continued)

	2016 US$	2015 US$
13. TRADE AND OTHER PAYABLES		
Trade payables	521 756	1 153 376
Amounts due to related parties (note 26)	-	576 686
Social security expenses and other taxes	74 296	224 594
Accrued expenses	139 602	421 493
	735 654	2 376 149

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

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

14. CURRENT INCOME TAX (ASSETS)/LIABILITIES

	2016 US$	2015 US$
At 1 October	26 225	36 807
Tax paid during the year	(312 205)	(675 063)
Tax charge for the year (note 23)	201 895	664 481
At 30 September	(84 085)	26 225

15. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions for other liabilities and charges comprises provisions for bonuses and leave pay. The movements during the year are as follows:	Leave pay provision US$	Bonus provision US$	Total US$
At 1 October 2014	88 996	275 498	364 494
Used in current year	(88 996)	(304 229)	(393 225)
Charged to the income statement	104 827	250 268	355 095
At 30 September 2015	104 827	221 537	326 364
Used in current year	(104 827)	(258 779)	(363 606)
Charged to the income statement	92 588	273 658	366 246
At 30 September 2016	92 588	236 416	329 004

	2016 US$	2015 US$
16. BORROWINGS		
Unsecured		
Bank overdrafts	-	680 523

The Company has overdraft facilities amounting to US$5 750 000. The facilities bear interest at 10% per annum.Three of the four overdraft facilities are unsecured while the remaining one is secured by an limited corporate guarantee from CAFCA Limited. All the facilities expire within a year.

The Company has the following undrawn facilities:

	2016 US$	2015 US$
Bank overdraft	5 750 000	5 319 562
Letters of credit	-	836 501
	5 750 000	6 156 063

All borrowings are denominated in US$.

The fair value of the borrowings equal their carrying amounts as the impact of discounting is insignificant. Interest payable on borrowings is close to current market rates.

17. REVENUE

	2016 US$	2015 US$
Sale of goods - retail	13 502 831	22 400 318
Sale of goods - wholesale	4 645 987	6 910 487
	18 148 818	29 310 805

Notes to the financial statements

For the year ended 30 September 2016 (continued)

		2016 US$	2015 US$
18.	**EXPENSES BY NATURE**		
	Raw materials and consumables used	11 165 095	19 399 439
	Employee benefit expense (note 18.1)	2 771 281	3 130 575
	Audit fees		
	- Current year	24 169	18 700
	- Prior year	43 631	50 204
	Directors' emoluments		
	- Fees	90 270	76 114
	Postage and telephone	60 215	53 933
	Canteen	69 852	82 125
	Trade promotion	10 070	20 752
	Advertising costs	60	21 440
	Plant repairs and maintenance	1 137 099	1 736 437
	Building repairs and maintenance	41 901	65 712
	Vehicle repairs and maintenance	127 583	157 771
	Electricity and water	574 070	645 352
	Depreciation (note 6)	319 270	310 037
	Quality and ISO certifications	84 949	121 620
	Security	127 696	117 922
	Machine running expenses	159 198	294 629
	Insurance	65 308	61 000
	Secretarial and printing costs	35 054	34 011
	Legal and professional fees	46 474	51 065
	Cleaning and laundry	41 134	56 890
	Subscriptions	33 113	29 545
	Computer expenses	36 327	58 613
	Bank charges	38 845	47 408
	Travel costs	75 665	76 483
	Freight outwards	79 554	75 544
	Forklifts hire	44 226	44 282
	Allowance for impairment of trade receivables (note 9)	(39 771)	(6 000)
	Clinic expenses	21 999	28 985
	Protective clothing	17 056	19 412
	Printing and stationery	27 877	44 143
	Import duty penalty	-	76 728
	Recognition expenses	18 146	19 183
	Attendance hamper	22 421	18 856
	Repairs and maintenance - Nyanga cottage	4 921	10 427
	Provision for slow moving and obsolete inventories	44 318	9 610
	Impairment of plant and equipment (note 6)	10 513	-
	Other expenses	13 514	41 834
	TOTAL COST OF SALES, DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES	17 443 103	27 100 781
	The cost of sales, distributions costs and administrative expenses have been recognised as follows:		
	Cost of sales	14 039 000	23 332 936
	Distribution costs	90 183	124 753
	Administrative expenses	3 313 920	3 643 092
		17 443 103	27 100 781
18.1	**Employee benefit expense**		
	Salaries - executive management (note 26)	495 701	492 772
	Salaries and wages - non executive employees	2 094 640	2 344 659
	Social security costs (note 25)	42 221	42 623
	Pension costs (note 25)	167 152	166 526
	Share options (credit)/charge	(28 433)	53 995
		2 771 281	3 130 575

Notes to the financial statements

For the year ended 30 September 2016 (continued)

		2016 US$	2015 US$
19.	**OTHER INCOME**		
	Rental income	-	12 413
	Scrap sales	41 579	50 026
	Commission reversed	-	24 348
	Previously provided for bad debts recovered	-	121 179
	Other	794	176
		42 373	208 142
20.	**OTHER GAINS**		
	Profit on sale of motor vehicles	9 108	27 109
21.	**FINANCE INCOME**		
	Interest income	-	10 009
22.	**FINANCE COSTS**		
	Interest paid	79 168	2 733
23.	**INCOME TAX EXPENSE**		
	Current income tax	201 895	664 010
	Deferred income tax expense/(credit)	57 529	(8 454)
	Capital gains tax on investment income	-	471
		259 424	656 027
	The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the basic tax rate applicable to profits of 25.75% (2015: 25.75%) as follows:		
	Profit before income tax	678 028	2 452 551
	Notional taxation on profit for the year at a statutory rate of 25.75%	174 592	631 532
	Tax effects of:		
	Income not subject to tax	(9 625)	(16 891)
	Expenses not deductible for tax purposes	88 784	21 697
	Permanent differences	11 028	8 347
	Income subject to tax at different rates	-	(2 557)
	Recoupment on motor vehicles	412	-
	Other	(5 767)	13 899
		259 424	656 027
24.	**EARNINGS PER SHARE**		
24.1	**Basic earnings per share**		
	Profit attributable to the equity holders of the Company	418 604	1 796 524
	Weighted average number of ordinary shares in issue	32 830 666	32 770 666
	Basic earnings per share (cents)	1.28	5.48
24.2	**Diluted earnings per share**		
	Profit attributable to the equity holders of the Company	418 604	1 796 524
	Weighted average number of shares in issue	32 830 666	32 770 666
	Adjustment for:		
	Share options outstanding at year end	628 334	688 334
		33 459 000	33 459 000
	Diluted earnings per share (cents)	1.25	5.37

Notes to the financial statements

For the year ended 30 September 2016 (continued)

25. PENSION BENEFITS

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

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

Contributions recognised as an expense for the year are as follows:

	2016 US$	2015 US$
Social security costs	42 221	42 623
Pension costs	167 152	166 526
	209 373	209 149

26. RELATED PARTY TRANSACTIONS

Reunert Electrical Engineering (Proprietary) Limited owns 70% of the Company (previously owned by CBI - Electric African Cables - a division of ATC (Propriety) Limited) and the remaining 30% is widely held.

The following transactions were carried out with related parties:

	2016 US$	2015 US$
i) Sale of goods		
CBI - Electric Aberdare/ATC Telecoms Cable (Proprietary) Limited	-	3 630 226
ii) Purchases of goods		
CBI - Electric Aberdare/ATC Telecoms Cable (Proprietary) Limited	170 537	5 184 645
CBI - ATC (Proprietary) Limited	14 386	180 325
	84 923	5 364 970
iii) Year-end balances arising from transactions with related parties		
Amounts due to related parties		
CBI - Electric Aberdare/ATC Telecoms Cable (Proprietary) Limited	-	576 686

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

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

	2016 US$	2015 US$
Salaries and other short - term benefits	495 701	492 772
Share options (credit)/charge	(28 433)	53 995
Directors' emoluments		
- Fees	90 270	76 114
	557 538	622 881

Outstanding share options granted to key management were 628 334 (2015: 688 334).

There were no loans made to directors or key management of the Company during the year (2015: US$nil).

Notes to the financial statements

For the year ended 30 September 2016 (continued)

27. COMPARATIVE AMOUNTS

The following comparative figures have been reclassified as leave pay provision had been classified as an accrual in the prior year:

	Trade and other payables US$	Provisions for other liabilities and charges US$	Total US$
Statement of financial position as at 30 September 2015			
Amount as previously stated	2 480 976	221 537	2 720 513
Reclassification to pensions for other liabilities and charges	(104 827)	104 827	-
As restated	2 376 149	326 364	2 702 513

The reclassification has no impact on equity in the financial statements.

28. CAPITAL COMMITMENTS

The Company had no significant capital commitments authorised by the directors or contracted for at the reporting date (2015: US$nil).

29. CONTINGENCIES

The Company did not have any contingent assets or liabilities at the reporting date (2015: US$nil).

30. EVENTS AFTER REPORTING DATE

There were no material events, after the statement of financial position date that have a bearing on the understanding of these financial statements.

Ratios and statistics

	2016	2015	2014	2013
Number of shares (000)	32 831	32 771	32 667	32 609
Attributable earnings per share (cents)	1.28	5	6	4
Diluted earnings per share (cents)	1.25	5	6	4
Price to earnings ratio	14	7	5	8
Market price per share (cents)	18	40	30	35
Ratio and returns				
Profitability (%)				
Operating margin	4	8	12	8
Return on equity	3	10	17	15
Solvency				
Financial gearing ratio (%)	-	5	-	16
Interest cover (times)	-	-	52.00	13.09
Shareholders' funds to turnover (%)	81	49	52	43
Liquidity				
Current assets to interest-free liabilities and short term borrowings	12	4	6	4
Other				
Number of employees	183	202	169	159
Number of shareholders	546	512	619	616

Shareholding information

Top 20 shareholders
At 30 September 2016

	Shareholder	Number of shares	% of total
1	AFRICAN CABLES LIMITED	23 076 174	70.29
2	MESSINA INVESTMENTS	3 569 204	10.87
3	STANBIC NOMINEES (PRIVATE) LIMITED	767 179	2.34
4	NATIONAL SOCIAL SECURITY (WCIF)	712 224	2.17
5	DELTA ENFIELD CABLES	448 800	1.37
6	NATIONAL PENSION SCHEME	413 461	1.26
7	RADIA PRAKASH	387 811	1.18
8	FARM AND TRADE	250 744	0.76
9	DELWARE TRADING (PRIVATE) LIMITED	223 366	0.68
10	AVENELL INVESTMENTS (PRIVATE) LIMITED	141 207	0.43
11	STEPHENSON P.H	130 000	0.40
12	ARMADA (PRIVATE) LIMITED	128 261	0.39
13	GEZMARK INVESTMENTS (PRIVATE) LIMITED	120 549	0.37
14	WILSON ESQ, KENT RAYMOND	120 000	0.37
15	CAROLINE KANGARA	93 988	0.29
16	FERBOS NOMINEES (PRIVATE) LIMITED	92 367	0.28
17	TFS NOMINEES (PRIVATE) LIMITED	91 723	0.28
18	ZWM NOMINEES (PRIVATE) LIMITED	77 028	0.23
19	CONTRUCTION INDUSTRY PENSION FUND	61 702	0.19
20	ZWM NOMINEES - CORP CLIENTS	60 349	0.18
		30 966 137	94.32
	OTHER	1 864 529	5.68
	TOTAL	32 830 666	100.00

Analysis of shareholding			Number of shareholders	%	Number of shares	%
1	-	500	128	23.44	39 247	0.12
501	-	1000	116	21.25	81 869	0.25
1001	-	5000	198	36.26	440 863	1.34
5001	-	10000	36	6.59	238 621	0.73
10001	-	50000	45	8.24	1 052 011	3.20
50001	-	100000	8	1.47	619 557	1.89
100001	-and above		15	2.75	30 358 498	92.47
Total			**546**	**100**	**32 830 666**	**100**

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

CBI - Electric Africa Cables and Messina Investments and the directors' interests in the ordinary shares of the Company disclosed on page 6 are categorised as non-public shareholders of the Company.

Shareholders' calendar 2016 - 2017

2016 Annual report distributed	Jan 2017	2017 results announced	Nov 2018
71st Annual General Meeting	Feb 2017	2017 annual report	Jan 2018
2017 half-year results announced	May 2017	72nd Annual General Meeting	Feb 2018

Notice to shareholders

Notice is hereby given that the 71st annual general meeting of the members of CAFCA Limited will be held in the boardroom at the Company's registered office at 54 Lytton Road, Workington, Harare, at 12.00 noon on Thursday 16 February 2017 for the following purposes:

1. To receive and consider the director's report, audited financial statements and the report of the auditors for the year ended 30 September 2016.
2. To appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year.
3. To approve the audit fees for the year.
4. To re-elect as directors Mr G.W. Eddey, Mr E.T.Z. Chidzonga and Mr T.A. Taylor.

By order of the Board

C.Kangara
Company Secretary
25 January 2017

Notes
1. A member entitled to vote at the above meeting may appoint one or more proxies as alternate or alternatives to attend the meeting, to vote and speak in the member's stead.
   A proxy need not be a member.
2. Proxy forms must be lodged with the company secretary at least 48 hours before the commencement of the meeting.
3. For further information on voting procedures, see the notes on the proxy information sheet.

Shareholders' information

Proxy information

1. A member of CAFCA Limited who is entitled to attend and cast a vote at a general meeting of the Company may:

   - Vote personally at the meeting or appoint:
     - not more than two proxies,
     - an attorney, or
     - in case of a body corporate, a corporate representative to attend the meeting.

2. A proxy need not be a member of CAFCA Limited.

3. When more than one proxy is appointed, each proxy must be appointed to represent a stated proportion of the member's voting rights. If no proportion is specified, the appointment is of no effect.

4. Unless the member specifically directs the proxy how to vote, the proxy may either vote as he/she thinks fit, or abstain from voting.

5. Where the member is a natural person, the proxy form must be signed either by the member personally or by a duly appointed attorney.

6. If an attorney signs the proxy form on behalf of a member, the relevant power of attorney or the authority under which it is signed, or a certified copy thereof must be deposited together with the proxy form at the Company's registered offices.

7. Where a member is a body corporate, the proxy must be executed in accordance with the laws of the country of incorporation and in terms of the Memorandum and Articles of Association of the Company.

8. Any person who is a joint holder of shares may appoint a proxy and, if more than one of the joint holders appoints a proxy or seeks to vote personally at the meeting, then the person whose name stands first on the register shall alone be entitled to vote.

9. In the case of joint holders of shares, all holders must sign the proxy form.

10. The proxy form must be received by the company secretary NOT LATER THAN forty-eight (48) hours before the scheduled time of the annual general meeting.

SUSTAINABILITY REPORT 2016

The organisation strives to conduct its activities in a sustainable manner taking into consideration all aspects with regards to environmental protection, health and safety enhancement and economic performance.

1.0 Managing Director's overview

CAFCA continues to manufacture and supply cables for the distribution and transmission of energy and information in the Sub Saharan region of the continent. The organisation strives to conduct its activities in a sustainable manner taking into consideration all aspects with regards to environmental protection, health and safety enhancement and economic performance. The organisation continues to maintain its Quality, Environmental and Health and Safety management systems to uphold the requirements of sustainable development. It is our pleasure to announce that the organisation received its long awaited Energy Management System (ISO 50 001) Certificate in May 2016. Together the four management systems in place enable the organisation to contribute towards the global aim for organisations to be responsible in the face of climate change. This report is the second sustainability report for CAFCA Limited after the inaugural report last year. The report has been compiled in line with the Global Reporting Initiative (GRI) G4 Guidelines. The report covers our economic, environmental and social performance on the material aspects for the financial year 2016 (October 2015 – September 2016). The organisation's performance, operations and outlook position is covered in the Managing Director's report (refer to page 10) of the intergrated Annual Report.

G4-1

G4-28 to G4-29

R.N. Webster

Managing Director

2.0 About this report

The report has been prepared in accordance with GRI G4 Guidelines for sustainability reporting. It is the second report that has been prepared in line with "In accordance'- Core" option of the GRI G4 guidelines. The scope of this report includes all business operations of CAFCA. Information presented here has been extracted from our primary internal records. All measurement units are as per the relevant GRI recommended units. The financial year 2015 figures have been included for comparative purposes. The reporting cycle remains on an annual basis.

A copy of this report can be obtained on request from CAFCA. Your feedback is welcome. Questions, comments, suggestions or feedback relating to this report or our sustainability performance may be sent by email to marketing@cafca.co.zw. Contact person is Godfrey Mavera, Chief Engineer, CAFCA Limited, P.O Box 1651, Harare.

G4-30 to G4-32

Global Reporting Initiative™

2.1 Restatements of information given in the inaugural report.

Our Carbon Foot Print data from the previous years (2011-2015) was being calculated using emission factors from the Intergovernmental Panel On Climate Change (IPCC) Guidelines instead of using the emission factors in the Department for Environmental and Food and Rural Affairs (DEFRA) Guidelines. IPCC guidelines should only be used for reporting Carbon footprint at national level. In light of this insight, a recalculation of the CAFCA Carbon Footprint was reviewed dating back to 2011. See table under 10.4 - "Emissions".

G4-22

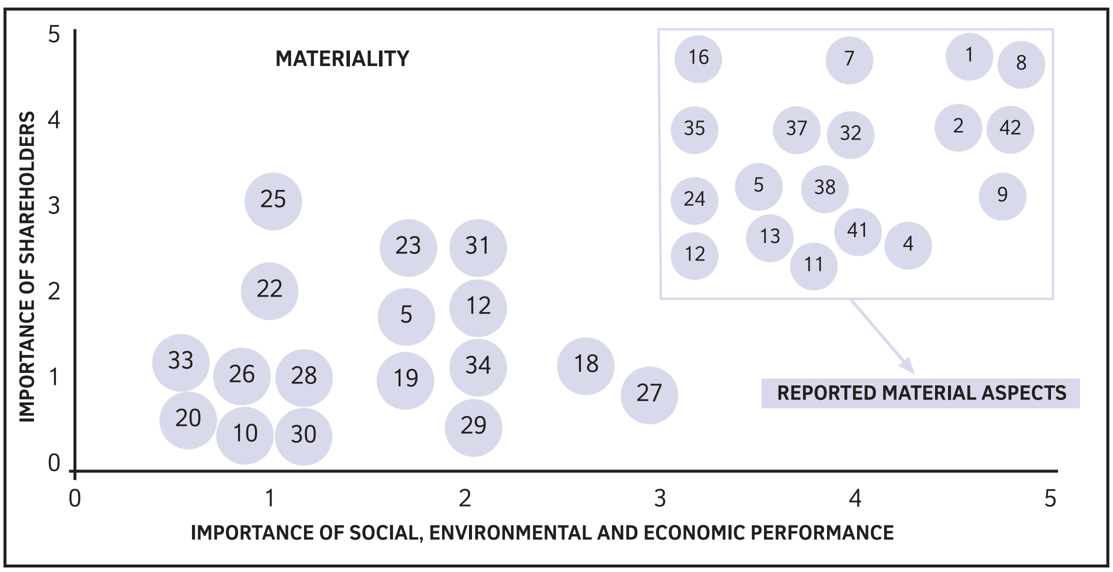
2.2 Reporting process and materiality

The sustainability report content was gathered from various individuals in the Sustainability Reporting Team, which includes senior executives, with a responsibility to give overall direction for the report content. The two materiality dimensions according to GRI G4 guidelines are those topics and indicators that reflects the organisation's economic, environmental and social impacts or that would substantively influence the assessments and decisions of stakeholders. The sustainability reporting team conducted a materiality analysis by reviewing all relevant aspects as guided by the "In Accordance-Core" option of GRI G4 Guidelines.

Stakeholder feedback, industry practices and our own assessments were taken into account in determining the relevant aspects. This exercise culminated in a list of economic, environmental and social aspects that CAFCA could report on. Using this list, a scoring criteria was used to rate each of the relevant economic, environmental and social aspects on a scale of 1 to 5 for each of the materiality dimensions. The results were plotted on a graph showing the importance to economic, environmental and social impacts (on the X-axis) and importance to stakeholders (on the Y-axis). The aspects rated with at least a 3 on both axis are the reported material aspects. The graph below shows the CAFCA Materiality Matrix. The aspects represented by a number on the graph below are shown in section 13.0 page 64 – "Key for the relevant aspects index". Background information for the criteria used to come up with material aspects is available on request from the contacts provided in this report. The process of determining materiality was approved by our Executive Team. Going forward, CAFCA strives to continuously improve its method of determining material aspects.

From the Materiality Matrix (diagram 1), the reported material aspects are those with high importance to economic, environmental and social impacts and high importance to stakeholders. These are listed below:

CAFCA Materiality Matrix (diagram 1)



Economic	Economic performance
Environment	Materials, Energy, Water, Emissions, Waste, Compliance, Environmental, Grievence Mechanisms and overall (total protection expenditure)
Social	Employment, Labour-Management Relations, Health and safety, Training and Education

2.3 Boundary of material aspects

We mapped the material impacts to indicate where they occur in a significant manner. While some of the impacts occur within CAFCA, others occur outside of our organisation. The table below indicates the mapping.

Our Material Aspects	Material within CAFCA	Material outside CAFCA
ECONOMIC		
Economic performance	√	√
ENVIRONMENT		
Materials	√	
Energy	√	√
Water	√	√
Emissions	√	√
Waste	√	√
Compliance	√	√
Overall	√	
Environmental grievance mechanism	√	√
SOCIAL		
Employment	√	
Labour-Management Relations	√	
Occupational Health and Safety	√	
Training and Education	√	

G4-218 - G4 23

2.4 Assurance

We have relied on our internal procedures to verify the accuracy of the information provided in this report.

G4-33

3.0 About CAFCA

The following sections cover general information on CAFCA as influenced by stakeholder feedback.

3.1 CAFCA overview

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

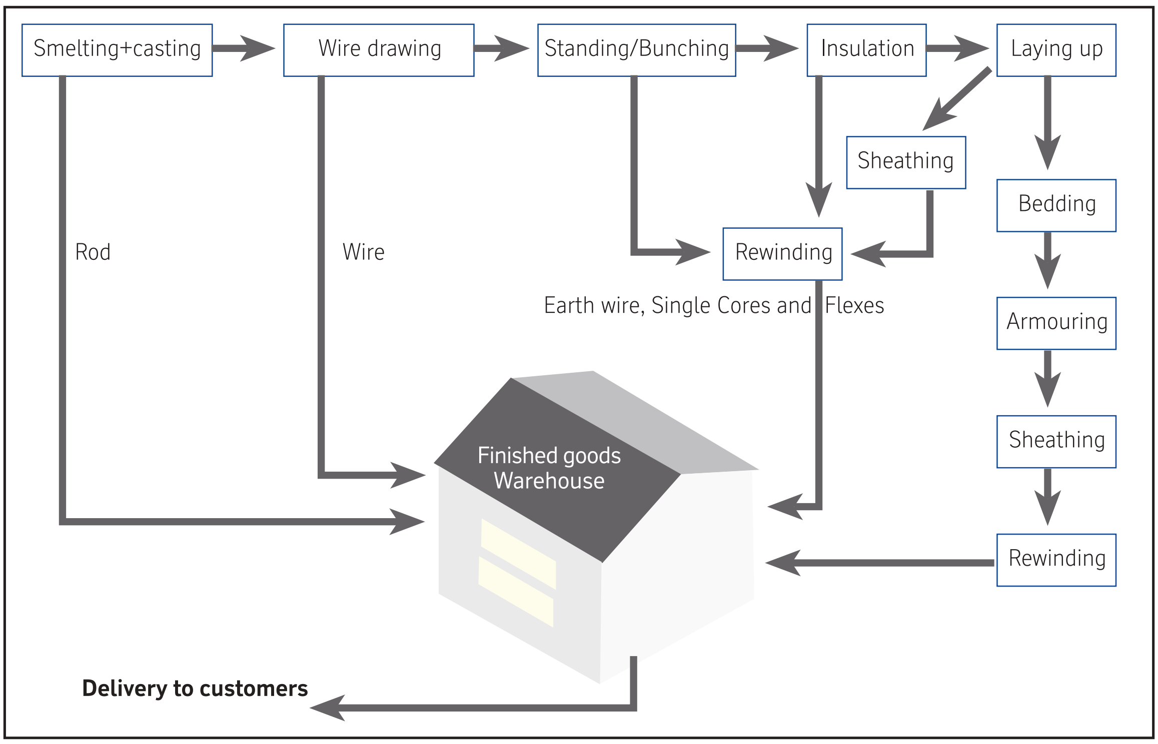
G4-3 to G4-7
G4- 56

3.2 CAFCA supply chain

CAFCA supply chain is as indicated below (diagram 2). Key raw materials (mainly copper, aluminium, polyvinyl chloride, polythene, and galvanized steel wire) are imported due to lack of domestic suppliers. CAFCA strives to achieve green purchasing (environmentally preferable purchasing) and raw materials are purchased from suppliers who are environmentally conscious, therefore supplier evaluations are done prior to supplier engagement. Products are manufactured to national and international standards, namely: SAZ 240, SAZ 732, SANS 1507, SANS 1339, SANS 1418 and BS 215 standards. Finished goods can be purchased and collected at the retail shop at the factory site in Harare, at our Bulawayo retail shop, through our distributors and informal market retail shops. We provide consignment stock to some of our key customers.

G4 - 12
G4 - 15

CAFCA Supply chain (diagram 2)



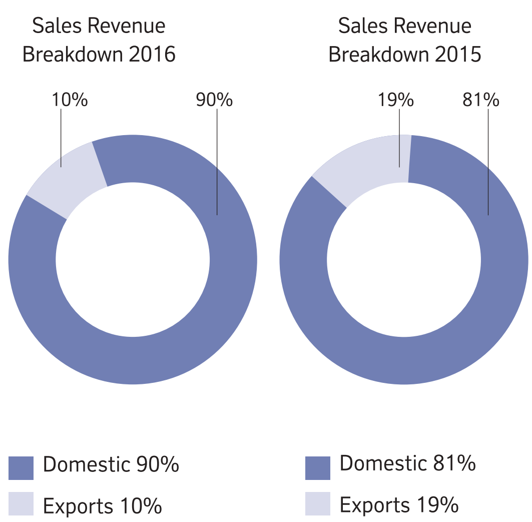
3.3 Changes in supply chain

There have been no changes to the CAFCA supply chain.

G4-13

3.4 Markets

CAFCA's turnover is predominantly from the domestic market. Exports are mainly to South Africa, Zambia, Malawi and Mozambique – comprising about 10-20% of turnover, however during the year under review there were no exports to South Africa. See below the sales revenue breakdown for 2015 and 2016. Exports are depressed due to pricing issues which are caused by the high operating costs prevalent in Zimbabwe and weakening domestic currencies in the export markets.



The domestic market is comprised of Utilities, Distributors, Construction and Industry, Mines, Informal sector, and Cash customers. Utilities contributed approximately 52% (2015) and 48% (2016) of total sales revenue.

For

- Net sales and total capitalisation broken into equity and debt
- Sales volumes

Refer to "Statement of financial position" section on page 16 and Company performance review section on page 46 of the Integrated Annual Report.

G4 - 8

3.5 Scale of organization

The organisation's manpower status was as shown in Table below for the year 2015 and 2016.

Type of employment	2016	2015
Permanent	154	158
Learnership	19	33
Contract	1	1
Students on attachment	9	10
Total	**183**	**202**

G4-9 to G4 - 10
G4 - 17

4.0 Managing our risks

The demanding management of risk is an important part of our overall sustainability programme. Refer to "Corporate Governance" section of the Integrated Annual Report page 4 - 8.

G4-34

4.1 Risk management system

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

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

4.1 Risk management system

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

MATERIAL ASPECT	RISK/OPPORTUNITY	MITIGATION MEASURE
ECONOMIC	Liquidity constraints in the country causing curtailing of capital projects in the following sectors – power and telecommunications, mining, industry and construction. This reduces the number of customers who are able to buy cable resulting in lower local sales.	Continue to process 100% recycled copper coming from the barter deal with Zimbabwe Electricity Transmission and Distribution Company (ZETDC) in order to ease working capital constraints.
	Increased competition from imports due to opening up of global markets and inadequate protection from government	Continue utilizing our competitive advantage of shorter delivery periods and high quality of products. Continue offering consignment stocks to key customers. Continue to lobby for the banning of substandard imported cables through the Zimbabwe Energy Regulatory Authority (ZERA) and ZETDC.
	Foreign currency challenges	Management has embarked on an aggressive export strategy to meet our import requirements.
EMPLOYEES	Labor relations may be strained due to negative macro-economic environment	Continue to communicate with employees through monthly management briefings and Works Councils in order to keep them updated on the performance of the organisation.
ECONOMIC AND ENVIRONMENTAL	Identify and implement opportunities for energy performance improvements driven by ISO 50001:2011 Energy Management System standard implementation	Not applicabe

G4 - 2

5.0 CAFCA's position on precautionary principle

The precautionary principle to risk management states that if an action or policy has a suspected risk of causing harm to the public or to the environment, in the absence of scientific consensus that the action or policy is not harmful, the burden of proof that it is not harmful falls on those taking an action [Wikipedia, Dec 2015].

CAFCA conducts extensive assessments for new projects prior to implementation – the methodology is contained in one of our integrated business management system procedures. The assessments are approved prior implementation by the Managing Director.

Also refer to section 4.0 – 'Managing our risks'.

G4-14

6.0 Membership

CAFCA actively participates and contributes to national organisations. Though we hold simple membership roles in these organisations, our executives participate and share their knowledge in working groups and conferences organised by these organisations. The organisations in which we hold membership are:

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

Our associations with the above organisations provide opportunities for us to interact and engage with diverse stakeholders.

G4-16

7.0 Awards

Refer to "Milestones" section on page 3 of the Integrated Annual Report 2016.

8.0 Stakeholder engagement

CAFCA values its stakeholders and their engagement in its day to day business is continuous. The engagement is done through our operations and senior management executives who regularly engage with our stakeholders in their respective roles via a range of channels in order to understand and address their concerns and expectations.

Stakeholders' views and feedback about our operations and products are important considerations in our business decisions including in the identification and prioritisation of sustainability issues.

Our stakeholders include customers, suppliers, shareholders and investors, government amd regulators, financial institutions, employees, local communities and trade and industry associations.

Below is a summary of how we engage our key stakeholders.

CAFCA Key stakeholders (diagram 3)

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

G4 - 24 to G4 - 27

9.0 Our economic performance

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

In line with the GRI G4 disclosure requirements, we are providing our economic performance summary below.

	2016 US$	2015 US$	2014 US$	2013 US$	2012 US$
Turnover	18 148 818	29 310 805	23 607 380	23 858 213	23 119 929
Domestic	16 257 021	23 801 710	20 034 889	21 267 729	20 369 835
Export	1 891 797	5 509 095	3 572 491	2 590 484	2 750 094
Profit before income tax	678 028	2 452 551	2 685 391	1 910 887	2 292 278
Profit attributable to shareholders	418 604	1 796 524	2 027 616	1 416 509	1 672 039
Capital expenditure	173 684	415 275	300 963	250 210	116 352
Shareholders equity	14 709 165	14 311 794	12 269 611	10 239 619	8 842 261
Operating salaries and wages	2 771 281	3 130 575	2 342 342	2 120 271	2 167 282
Operating expenses	17 443 103	27 100 781	21 027 637	21 862 537	20 789 737
Payments to government (income tax)	312 205	675 063	688 582	546 932	615 686

G4 - 17
G4 - EC1

For more information, refer to the following Integrated Annual Report 2016 sections:
"Statement of Financial Position" section on page 16
"Statement of comprehensive income" section on page 17
"Statement of changes in equity" section on page 18
"Statement of cash flows" section on page 19
"Ratios and statistics" section on page 46

10.0 Our Environmental performance

CAFCA conducts its activities in a responsible manner, balancing business demands with the need to protect and improve the environment. It is reflected in our commitment to incorporate environmental concerns and requirements into all aspects of the business, through the implementation of ISO 14 001 Environmental Management System and ISO 50 001 Energy Management System standards. The implementation of these systems enables us to achieve continual improvement in environmental performance.

According to GRI G4 guidelines, our material issues are:
- Materials
- Energy
- Water
- Emissions
- Waste
- Compliance
- Overall
- Environmental Grievance Mechanisms

10.1 Materials

Non-renewable materials used

Material	2016 (metric tonnes)	2015 (metric tonnes)
Copper	1 539	1 862
Aluminium	1 232	1 583

There were decreases in the consumption of non renewable materials by the organisation (copper 17% and aluminium 22%). This was mainly due to the decrease in production which is shown by the reduction in the total production output by 40%. Materials recycled by the organisation include copper and aluminium. 100% copper scrap is recycled to manufacture cables, which is the organisation's primary product.100% aluminium scrap is recycled to manufacture billets or sold to third parties for reuse.

G4 -EN1
G4 - EN2

10.2 Energy

Non-renewable fuel consumptions for energy used within the organisation.

Non renewable fuel consumptions for energy used within the organisation.

ID	Energy source	Consumption (GJ) 2016	Energy intensity (GJ/ton) 2016	Consumption (GJ) 2015	Energy intensity (GJ/ton) 2015
1	Electricity	19 199	9.7	23 0913	6.9
2	Charcoal	29	0.01	722	0.02
3	Liquified Petroleum Gas	794	0.4	986	0.3
4	Diesel	1 886	0.9	2 481	0.7
5	Petrol	612	0.39	521	0.2
Total		**22 052**	**11.1**	**27 802**	**8.3**

Note:
Conversion factors obtained from International Energy Agency.

G4 -EN3
G4 - EN5

The total energy intensity increased by approximately 33% as a result of the increase in the electricity intensity in 2016. This was because there was reduction in the amount of total output during the year by 40%. This was attributed to the liquidity challenges in the economy which resulted in lower demand of our product as well as the strengthening of the US$ against regional currencies thereby reducing our competitiveness in the export market.

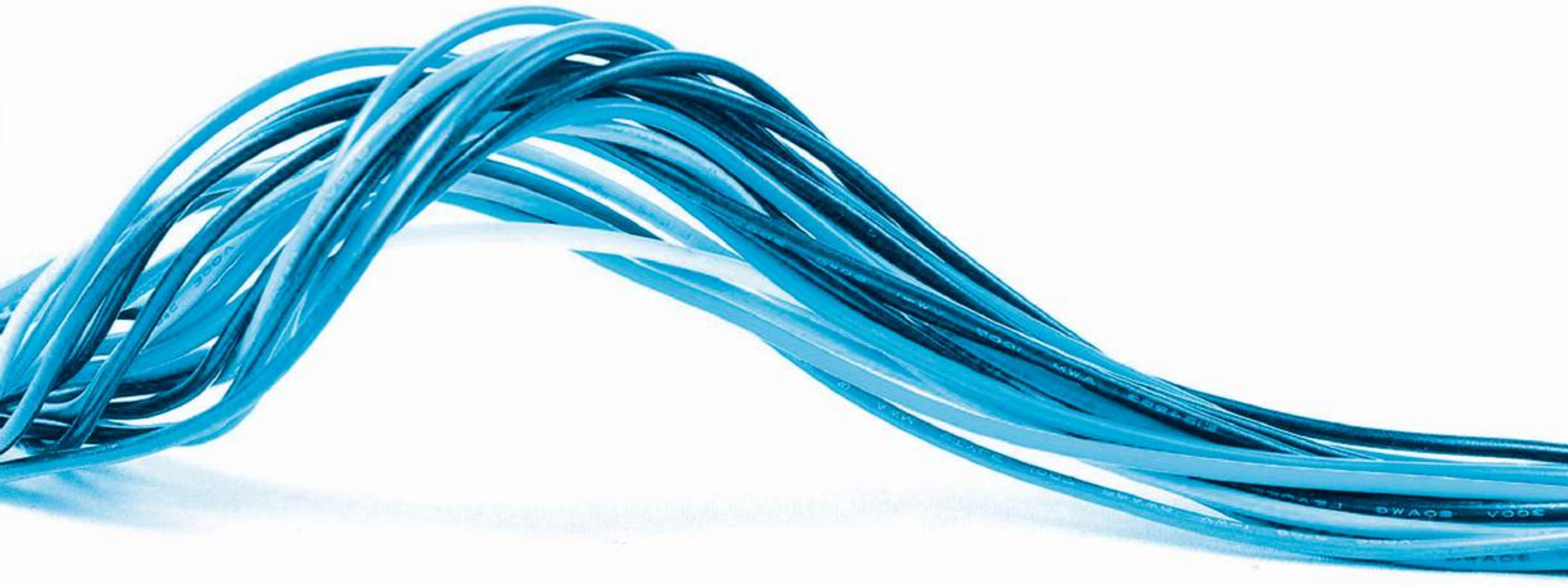
10.3 Water

Source	2016 (m^3)	2015 (m^3)
Municipal	0	0
Underground borehole	12 690	13 434

The organisation continues to rely on underground borehole water. Various CAFCA processes utilise underground water. The organisation trusts that the investment being put by government towards refurbishing the water works which supplies water to Harare will improve the municipal water situation in the city. The capacity of our borehole is 4.2m3/hour.

Most of CAFCA's manufacturing processes which use water are a closed-loop and therefore only make-up water is drawn from the water sources. The organisation implemented a project to recycle water at the smelting and casting plant water deionizing plant which significantly contributed towards the reduction in water consumption by 5%.

G4 -EN8 to G4 - EN10



10.4 Emissions

CAFCA CARBON FOOTPRINT 2016

Greenhouse gases (GHGs) play a pivotal role in the regulation of the atmospheric temperatures by their characteristic of absorbing and emitting radiation. The gases act as a shield that traps heat in the earth's atmosphere. The resulting greenhouse gas effect contributes to global warming. The six GHGs listed in the Kyoto Protocol are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. A carbon footprint is the total set of greenhouse gases emissions caused by an organisation, event or product. It is expressed in terms of the amount of carbon dioxide or its equivalent of other GHGs emitted.

Table 1 on page 59, shows the GHG emission figures for financial year 2016. GHG emission figures for 2011 to 2015 financial years are also shown for comparative purposes.

CAFCA emissions' reporting has been organised in accordance with the Greenhouse Gas Protocol Standard, which is used as a guideline and reference document to facilitate emissions reporting in line with international standards. The operational boundary has been defined as scope 1 (direct emissions) and scope 2 (indirect emissions) only. Scope 3 (other indirect emissions from reporting company's upstream and downstream activities) emissions have not been reported due to lack of accurate data from third parties. Both the Greenhouse Gas Protocol and ISO 14064 Part 1:2006 - Greenhouse Gases standards state that it is optional to report scope 3 emissions.

Direct emissions at CAFCA result from the consumption of liquefied petroleum gas (LPG), diesel, petrol, acetylene, charcoal and emissions from copper smelting and extrusion processes. Indirect emissions at CAFCA come from the use of purchased grid electricity. Emission factors used to calculate carbon dioxide equivalent emissions were obtained from the Department of Environment Food and Rural Affairs (DEFRA), United Kingdom.

CAFCA's total greenhouse gas emissions in financial year 2016 (FY16) were 3536 tonnes of CO2 equivalent (tCO2e). This is 17% decrease from previous year's total greenhouse gas emissions of 4270 tCO2e. Purchased electricity contributed 90% of the total greenhouse gas emissions in the year under review. Electricity consumption decreased by 15% in FY16 as compared to FY15. This was due to the fact that one of the copper smelting furnaces (Melter) was decommissioned in September 2015. A deliberate decision was made by the Executive Team to mothball the Melter due to its high operational costs. The Melter contributes 25% of the total electricity consumption. The organisation's production capacity also reduced from 300t per month to 200t per month. Thus the total production output decreased by 40% in FY16 vs. FY15.

The overall GHG emission intensity increased from 1.28 tCO2e per metal tonne in FY15 to 1.77 tCO2e per metal tonne in FY16 - a 38% increase. The GHG emission intensity increase in FY16 is attributed to the loss of economies of scale which the organisation benefitted from in FY15.

Going into FY17, the organisation has plans to implement energy management opportunities for improvement identified as part of the Energy Management System (ISO 50 001:2011). The main initiatives are to install heat pump technologies for water heating, solar technology for office lighting and borehole, replace energy saving bulbs/fittings with LED, upgrade electronic control systems for some production machines, and install electronic drives for air compressors, water pumps and fans. These improvements are expected to improve the organisation's energy performance hence further reducing the GHG emission intensity in the next reporting period.

10.4 Emissions (continued)

CAFCA CARBON FOOTPRINT (continued)

Table 1 below shows the GHG emission figures for financial year 2016. GHG emission figures for 2011 to 2015 financial years are also shown for comparative purposes.

TABLE 1: CAFCA GHG emissions inventories

Emission sources	2016 total emissions (tonnes CO_2e) - 12 month period	2015 total emissions (tonnes CO_2e) - 12 month period	2014 total emissions (tonnes CO_2e) - 12 month period	2013 total emissions (tonnes CO_2e) - 12 month period	2012 total emissions (tonnes CO_2e) - 12 month period	2011 total emissions (tonnes CO_2e) - 9 month period
Scope 1:						
PETROL						
Forklifts	0	0	0	0	111.12	10.02
Company vehicles	2.85	2.41	2.39	2.57	3.28	4.43
DIESEL						
Forklifts	29.66	36.03	24.48	30.60	8.77	4.89
Company vehicles	9.77	10.69	10.85	9.55	3.31	4.89
Generators	5.94	27.94	10.23	14.66	13.29	13.76
LPG	22.87	31.70	29.30	25.57	17.19	8.95
CHARCOAL	0.99	97	1.22	61.49	45.45	1.52
HFC's						
Refrigerators	0.0000765	0.0000765	0.000765	0.000765	0.000765	0.000574
Air conditioners	0.005	0.005	0.005	0.002	0.05	0.0375
ACETYLENE	0.04	0.69	0.75	0.43	0.43	0.86
GRAPHITE	27.79	33.23	32.88	25.56	18.53	22.09
EXTRUDERS	5.14	3.96	2.39	1.23	1.98	8.15
Scope 2: ELECTRICITY	3200	3776	2930	34299	3075	2687
TOTAL GHG EMISSIONS (tons CO_2e)	3536	4270	3272	3705	3446	2548
TOTAL PRODUCTION METAL TONNES	1989	3337	2152	2120	2062	1977
GHG EMISSIONS INTENSITY (tonnes CO_2e per metal tonne)	1.77	1.28	1.52	1.75	1.67	1.68

G4 - EN15 to G4 - EN18

10.5 Waste

10.5.1 Hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
	2016	
Solid waste	105	Landfill
Electrical waste	8	Landfill
	2015	
Solid waste	115	Landfill
Electrical waste	1	Landfill

There was a reduction in hazardous solid waste disposal by 10 tonnes as a result of the decrease in the generation of contaminated waste in the form of sawdust which is used to contain spillages in the factory and engineering workshops.

10.5.2 Non-hazardous waste

Type of waste	Quantity (tonnes)	Method of disposal
	2016	
General waste	250.5	Landfill
*Plastic waste	12.323	Recycling by third parties
*Paper waste	0.6	Recycling by third parties
	2015	
General waste	429	Landfill
*Plastic waste	3	Recycling by third parties

All waste is disposed of directly by the organisation to the Pomona landfill through contracted transporters after obtaining a disposal permit from City of Harare. A decrease in the amount of solid waste by 41% was as a result of the improvement in onsite waste segregation practices.

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

G4-EN23

10.6 Compliance

The organisation did not receive any fines and/or sanctions for non-compliance with environmental laws and regulations during the period October 2015 – September 2016. The organisation shall continue to use its internal business management systems to comply with legal and other requirements.

G4-EN29

10.7 Environmental grievance mechanisms

In the reporting period the organisation received one complaint from the neighboring company Whelson Transport (Private) Limited as a result of the offending odor that was being emitted from the incineration process to recover copper from redundant copper cables. The root cause identified was inadequate procedure. The procedure was reviewed to put more controls to avoid recurrence. Since then there has been no complaints received from the neighboring company.

G4-EN34

10.8 Overall

Environmental Management Expenses

2016 US$	2015 US$
41 738	40 546

G4 - EN31

11. Our social performance

11.1 Our people

CAFCA recognises that its employees play a pivotal role in driving the organisation and determining its sustainability. The organisation provides equal opportunities, without discriminating against gender, race, physical ability or HIV/AIDS status. We value our employees' contributions and commit to treat our employees in a respectable, fair and professional manner. The organisation continues to apply its HIV/AIDS policy adopted in 2004.

We recognise and respect employees' right to freedom of association and collective bargaining within the scope of national laws of Zimbabwe. 100% of our employees are covered by Collective Bargaining agreements. Our management has an ongoing and constructive engagement with employees at all levels to address any issues or concerns they might have. Our policy is to provide necessary advance notice in the case of significant operational changes that could substantially affect them.

Our Occupational Health and Safety policy as enshrined in our SHE policy is dedicated to continual improvement in safety and health management and performance. We continue to apply our OHSAS 18001 Occupational Health and Safety management system in our commitment to achieve zero work related accidents and diseases.

The organisation supports the employees' professional growth to attain its vision which is to be recognised for excellence in providing quality products and services that give the best value to all our customers and other stakeholders. We invest in training and development to enhance the capabilities of our employees. Training needs for employees are identified and prioritised by management based on organisational needs. Broad training areas include production machine operations, engineering hands-on skills, quality knowledge, SHEQ systems, leadership development, induction and ethics awareness. All employees and contractors are given induction on anti-corruption policy and procedures. The training is imparted by both internal and external trainers.

G4 - 11

11.1 New employee hires by gender

Year	Category	Male	Female	Total	% rate
2016	New hires	14	3	17	9
2015	New hires	47	8	55	27

11.2 New hires by age group

Year	18-20	21-30	31-40	41-50	51-63
2016	2	15	0	0	0
% rate	12	44	0	0	0
2015	3	43	5	3	1
% rate	5	78	9	5	2

11.3 Employee turnover by gender

Year	Category	Male	Female	Total	Total rate
2016	Turnover	28	3	31	17
2015	Turnover	20	5	25	12

11.4 Employee turnover by age group

Year	18-20	21-30	31-40	41-50	51-63
2016	0	22	4	31	17
% rate	0	71	13	25	12
2015	0	19	2	3	1
% rate	-	76	8	12	4

G4 - LA1

11.5 Health and safety performance

100% of our employees are represented in joint management-worker health and safety committee. The health and safety statistics for 2015 and 2016 are shown in the table below.

Number of work related accidents

	2016	2015
Injuries	4	13
Fatalities	0	0
Total number of accidents	4	13
Lost man-days due to injuries	17	51

All injuries were related to males. A 30 % decrease of the number of accidents compared to the previous year can be attributed to the change from a 12 hour working shift in 2015 to an 8 hours working shift that was adopted in 2016. A shorter working shift cycle reduces fatigue thus employees are more alert during the whole shift.

G4 - LA5 to G4 - LA6

11.6 Training and education

The training statistics for 2015 and 2016 are shown in the table below.

	2016	2015
Number of employees trained	118	267
Number of man days trained	632	367
% Female	15	10
% Male	85	90

G4 - LA9

12.0 GRI Content Index

This document meets the criteria of being in accordance with the G4 Guidelines for sustainability reporting on the core level.

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12.0 GRI Content Index (continued)

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13.0 Key for the relevant aspects index

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	5	Biodiversity
	6	Emissions
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	13	Environmental Grievance Mechanisms
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	18	Diversity and Equal Opportunity
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