contents

Notice To Shareholders

Notice is hereby given that the 84th Annual General Meeting of starafricacorporation limited will be held at starafricacorporation limited, 49 Douglas Road, Workington, Harare on 28 September 2018 at 11:00am for the following purposes:

ORDINARY BUSINESS

1. **Financial Statements**
   To receive and approve the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2018.

2. **Re-election of Directors**
   To elect Directors who retire by rotation, in terms of Article 100 of the Articles of Association.
   Mr B L Nkomo, Mr A J Musemburi and Mr K M Chipangura retired by rotation and being eligible offer themselves for re-election.

3. **Directors' Remuneration**
   To approve fees accrued to directors for the year ended 31 March 2018.

4. **Auditors**
   To approve the remuneration of the independent auditors for the year ended 31 March 2018 and to reappoint auditors for the ensuing year. Ernst and Young have indicated their willingness to continue as Independent Auditors to the company for the ensuing year.

SPECIAL BUSINESS

5. **Secondary Scheme of Arrangement**
   Update to members on the Secondary Scheme of Arrangement.

By Order Of The Board

A.J Musemburi
COMPANY SECRETARY
49 Douglas Road
Workington
P O Box ST396
Southerton
Harare

Business Portfolio & Products

Goldstar Sugars

- Strong well established brand commanding a leading market position.
- Currently markets Goldstar white sugar throughout Zimbabwe.
- Goldstar Sugars products are used by leading confectioners and sweet manufacturers, as well as in the manufacture of sugar-based pharmaceuticals.
- **KO (The Coca Cola Company) Certification:** We are certified to supply all Coca Cola Bottling plants. As a result the company supplies sugar to the world's largest supplier of carbonated soft drinks and cordials; and has consistently met their exacting, high standards.
- Goldstar Sugars has also been awarded the Food Safety Management Systems Certification as well as ISO 9001:2008 Certification.

Country Choice Foods

- Major manufacturer of sugar specialty products such as caster and icing sugar.
- Fully committed to highest standards of quality control.

Directorate, Management & Professional Advisors

BOARD OF DIRECTORS

J S Mutizwa	[Non-Executive Chairman]
R J Mbire	[Deputy Chairman, Non-Executive Director]
J M Chikura	[Non-Executive Director]
V Nyemba	[Non-Executive Director]
B L Nkomo	[Non-Executive Director]
M Sibanda	[Non Executive Director]
T Mutasa	[Non-Executive Director]*
R V Mutyiri	[Chief Executive]
A J Musemburi	[Executive Director]
K M Chipangura	[Executive Director]

* **Resigned** on 7 June 2018

MANAGEMENT

R. V. Mutyiri	[Chief Executive]
A. J. Musemburi	[Company Secretary]
K M Chipangura	[Finance Director]
R Nyabadza	[Chief Technical Officer]
D Mpindiwa	[Commercial Executive]
R Matongo	[Marketing Manager]
R Nazare	[Supply Chain Executive]
E Madziva	[Audit Executive]
I Mutsvedu	[Head of I.T]

PROFESSIONAL ADVISORS

Transfer Secretaries
First Transfer Secretaries
1 Armagh Avenue
Eastlea
Harare, Zimbabwe

Auditors
Ernst & Young Chartered
Accountants (Zimbabwe)

Registered Office
49 Douglas Road,
WorkingtonHarare

Bankers
ZB Bank Limited
African Banking Corporation
Zimbabwe Limited
Nedbank Zimbabwe Limited

Attorneys
Coghlan Welsh & Guest
Dube, Manikai and Hwacha

Financial Highlights

	2018 US$	2017 US$
GROUP SUMMARY		
Statement of profit or loss and other comprehensive income		
Revenue	48 100 120	32 633 869
Earnings before interest, tax ,depreciation and amortisation	3 065 994	1 575 831
Operating Profit	2 198 350	669 432
Net interest expense	(6 249 659)	(2 599 589)
Loss on loan restructuring	-	(3 962 285)
Loss for the year	**(3 782 171)**	**(5 859 858)**
Other comprehensive income (net of tax)	462 824	288 724
Total comprehensive Income	**(3 319 347)**	**(5 571 134)**
Loss attributable to equity holders of the parent	(3 782 171)	(5 859 858)
Basic loss per share (cents)	(0.60)	(1.13)
Diluted loss per share (cents)	(0.60)	(1.13)
Statement of Financial Position		
Shareholders' equity	(532 300)	(42 643 734)
Property, plant and equipment	20 869 629	21 191 918
Total assets	41 566 502	43 550 815
STATISTICS		
Refined sugar sales in domestic market (tonnes)	62 889	41 669
Average number of employees	433	377

Chairman's Statement Cont'd

"I am pleased to present the results for the year ended 31 March 2018 which reflect the company's steadily improving profitability at operational level despite the continued pressure on margins due to increasing input and overhead costs in the period under review."

OVERVIEW

I am pleased to present the results for the year ended 31 March 2018 which reflect the company's steadily improving profitability at operational level despite the continued pressure on margins due to increasing input and overhead costs in the period under review.

GROUP RESULTS

The Group achieved a 47% increase in turnover amounting to $ 48.1 million compared with $ 32.6 million recorded in the prior year. The Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) amounted to $ 3.1 million which is almost double the $ 1.6 million that was achieved last year. The good operational performance is on the back of continued optimisation of post primary plant upgrade efficiencies, improvements in both quality and quantity of sugar produced, cost containment strategies and the positive impact of working capital accessed as part of the Secondary Scheme of Arrangement.

The operational profitability was neutralised by finance costs of $ 6.2 million which largely relate to the Scheme debt. The interest figure will significantly reduce in the ensuing year as major scheme creditors opted to exercise their options to convert amounts owed to them to equity just before the current year end. The details of the conversions are more fully described under the Scheme of Arrangement narrative. The Group recorded a Loss before tax of $ 3.2 million which is an improvement over the $ 5.7 million loss suffered in the prior year.

OPERATIONS

Goldstar Sugars Harare

GSSH produced 63 182 tonnes of refined sugar compared with 42 624 tonnes produced in the prior year and sold 62 889 tonnes against 41 669 tonnes sold in the comparative period. The increases in production and sales volumes against prior year were 48% and 51% respectively. Production output rose

Chairman's Statement Cont'd

on the back of the primary plant upgrade which impacted positively on key efficiencies namely coal usage and process loss. Production has also been buttressed by interventions on water supply and a general improvement in the supply of key inputs. Improved sales were achieved through concerted marketing and distribution efforts which have resulted in better product footprint country wide.

The plant went through and passed certification processes by The Coca Cola Company ("TCCC") as well as Food Safety certification under the FSSC 22000 series. The certifications enable the company to supply products to TCCC franchisees within and beyond the Southern Africa region.

Country Choice Foods

Country Choice Foods (CCF) achieved an EBITDA of $ 525 367 for the year under review, which is 8% higher than the $ 484 822 recorded in prior year. The unit experienced improved demand for its products as a result of increased marketing activities.

Tongaat Hulett Botswana

The associate company in Botswana performed below prior year levels as it achieved a profit after tax of $ 2.5 million from which the company's share was $ 0.8 million against $ 2.8 million and a share of $0.9 million achieved last year. This was due to unforeseen changes in the market, which the company has since adjusted to.

Properties Business

This business recorded a decrease in EBITDA from $ 191 000 in prior year to $ 131 076 partly as a result of repairs and maintenance costs related to change of tenants as well as some fixed operating costs on some of the properties that were vacant during the year. The change of tenants is expected to improve both turnover and rental yield in the coming year.

FORTIFICATION

A Vitamin A fortification plant was installed and commissioned during the year and the company is now supplying fortified table sugar in line with World Health Organisation (WHO) requirements.

Chairman's Statement Cont'd

SCHEME OF ARRANGEMENT

The Group is still under the Secondary Scheme of Arrangement that it entered into with creditors and the support there from has assisted the Group to achieve the positive financial results under review. A number of key creditors that include Zimbabwe Asset Management Corporation (Private) Limited (ZAMCO) and the National Social Security Authority (NSSA) exercised their options to convert amounts owed to them to equity in the last quarter of the financial year. The conversions resulted in a significant change in the balance sheet structure as well as change in control. The conversions completed as at year end totalled $ 46.8 million (4.2 billion shares) representing 70% of the convertible scheme debts. The conversions resulted in a change of control of the company where ZAMCO is now the controlling shareholder owning 58% of the company with NSSA, who were the previous controlling shareholder, holding 31% of the issued share capital. I am happy to advise that we have had more conversions from concurrent creditors after year end amounting to $ 118 700 and am hopeful that we will achieve significant numbers within the first half of the new financial year. The company continues to engage creditors with a view to having them convert outstanding scheme debts to equity.

DIVIDEND

In light of the overall performance of the company, the Board has deemed it fit not to declare a dividend for the year ended 31 March 2018.

OUTLOOK

The company is encouraged by the developments in the wider economy which are expected to increase demand within both the industrial and consumer segments. Export prospects, which were only in their nascent stages by the end of the year, are expected to materialise in the year ahead.

Chairman's Statement Cont'd

Pupils From Highfield 2 High School Who Toured The G. S. S. Harare Factory On A Sugar Manufacturing and Processing Educational Tour Organised By The Starafrica Corporation Marketing Team

It is pleasing that the local market's sugar requirements are now being supplied in full by the Sugar Industry and the company is well equipped to meet the quality and tonnage requirements of all segments of this market. Given the positive macro-economic outlook anticipated in the post-election era, the company is poised to deliver improved performance in the coming year.

The company is working with key stakeholders to chart a path to sustainable growth and profitability going forward. This will be the second phase of the turnaround strategy.

CONCLUSION

I wish to thank the company's stakeholders, my fellow board members, management and staff for their steadfast contribution to the revival of the company.

J.S Mutizwa
Chairman
27 June 2018

GOLDSTAR INDUSTRIAL SUGAR

The plant went through and passed certification processes by The Coca Cola Company ("TCCC") as well as Food Safety certification under the FSSC 22000 series. The certifications enable the company to supply products to TCCC franchisees within and beyond the Southern Africa region. Other Certification includes Food Safety Management Systems Certification and ISO 9001:2008 Certification. Food Safety and ISO Certification gives the brands access and Competitive advantage in both local and global markets.

Corporate Governance Report

THE BOARD

The Company is managed in adherence with established standards of corporate governance, and in conformity with the Manual of Best Practice.

The Board comprises of eleven Directors, three of whom are Executive Directors. The roles of Chairman and Group Chief Executive vest in separate individuals, in line with best practice.

The Board meets at least once every quarter for the purposes of formulating policy and strategy, approving budgets, investments and projects, reviewing operations and giving guidance to Management on operational issues. Board deliberations are guided by a clearly defined Board Charter.

The advice of the Company Secretary is available to all Directors and a facility is available for Directors, in the discharge of their mandate, to obtain independent professional advice at the expense of the Company.

The Directors' remuneration, which includes that of Executive Directors, is reflected in aggregate in note 6.

The Board Committees

For the efficient discharge of its duties, the Board has created the following committees;

Audit Committee:

This Committee meets at least once every quarter. Some of its operations include discussions with the External Auditor on their report on the Company's annual financial statements, reviewing the entire spectrum of the internal audit processes and consideration of any other matters which may have a material financial impact on the Company. Further, the Committee reviews the quality, integrity and reliability of the Company's internal control systems and risk monitoring and evaluation mechanisms. It assesses the objectivity of the External Auditors, in addition to the level of non-audit services supplied and ensures that there is an appropriate audit relationship. During the year under review, the Committee comprised three non-executive directors namely, Mr. R. Mbire (Chairman), Mr B. L. Nkomo and Mr J. M Chikura.

General Purposes Committee:

This committee meets on an ad hoc basis to review and approve remuneration policy and long term incentive schemes. It also fixes the remuneration of Executive Directors and approves guidelines for the Company's annual salary and incentive reviews. The committee also recommends strategy, policies, organisational design, and board appointments to the Board of Directors. The committee is comprised of Mrs V. Nyemba (Chairperson) and Mr M. Sibanda.

Internal Control

The Company's internal controls were reviewed for effectiveness during the year under review. The review covered financial, operational and compliance controls and risk management procedures. The controls are designed to manage rather than eliminate risk and can only provide reasonable, and not absolute, assurance against material misstatement or loss. In this context, the directors reported that they did not find anything that would have materially affected the smooth running and effectiveness of the Company's systems and procedures during the year under review.

Directors' Interest

The Board has adopted an elaborate system for declaration of interests and assessment of the extent of such interests by the Company Secretary.

COUNTRY CHOICE FOODS

Country Choice Foods (CCF) achieved an EBITDA of $ 525 367 for the year under review, which is 8% higher than the $ 484 822 recorded in prior year. The unit experienced improved demand for its products as a result of increased marketing activities.

Directors' Report

The Directors have pleasure in presenting their report and accounts for the year ended 31 March 2018.

Non-Current Assets

The Group's non-current assets were as follows:

	US$
Property, plant and equipment	20 869 629
Investment property	7 367 000
Investment in associate	2 618 427
Balance as at 31 March 2018	**30 855 056**

Borrowing powers

In terms of Article 87 of the Articles of Association, the Company is authorised to borrow funds amounting to, but not exceeding the sum of:-

a) twice the amount of issued and paid up share capital of the Company, and

b) twice the aggregate amounts of capital and revenue reserves of the Company including share premium.

Share Capital

Details of authorised and issued share capital are set out on note 3 to the financial statements.

Directorate

The names of the current Directors of the company are set out on page 4. Shareholders will be asked to re-elect the Directors retiring by rotation and approve Directors' fees for the year ended 31 March 2018.

By Order Of the Board

A.J. Musemburi
COMPANY SECRETARY

Directors' Responsibility Statement

DIRECTORS' RESPONSIBILITY STATEMENT

Responsibility

It is the directors' responsibility to prepare annual financial statements that present a true and fair view of the Company and the Group as at the end of the financial year; and of the profit or loss for the year in accordance with International Financial Reporting Standards and in the manner required by the provisions of the Companies Act (Chapter 24:03). This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Compliance with Companies Act (Chapter 24:03)

These financial statements which have been prepared under the historical cost convention, (except for property, plant and investment properties that have been measured at fair value) are in agreement with underlying books and records and have been prepared in accordance with the Group's accounting policies and comply with the disclosure requirements of the Companies Act (Chapter 24:03) and the relevant Statutory Instruments (SI 33/99 and SI 62/96).

Going Concern

The group's EBITDA has increased from $ 1.6 million last year to $ 3.1 million. The loss before tax has declined from $ 5.7 million to $ 3.2 million. The balance sheet has improved following conversion of scheme debts totalling $ 46.8 million into equity. The group still has a net current liability position of $ 7.9 million (2017: $ 8.9 million).

Management is implementing key deliverables which are described in detail on note 24 thus the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Group's plans will be effective and the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Approval of Financial Statements

The financial statements have been approved by the Board and are signed on its behalf by the Chairman and the Chief Executive.

These financial statements were prepared by the group's finance department under the supervision of the Finance Director, Mr. Kaynos M. Chipangura (PAAB number 03627).

J. S. Mutizwa
CHAIRMAN

R. V. Mutyiri
CHIEF EXECUTIVE

Certificate By The Company Secretary

In my capacity as the Company secretary, I confirm that in terms of the Companies Act [Chapter 24:03], the Company has lodged with the Registrar of Companies, all such returns as are required of a public quoted company in terms of this Act and that all such returns are true, correct and up to date.

A. J. Musemburi
COMPANY SECRETARY

NEW PRODUCT INNOVATIONS

"Work on new products has progressed following the launch of pure honey in various pack sizes and more products will be launched within the first half of the coming financial year."

Building a better
working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 4 750905-14 or 750979-83
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E-mail: admin@zw.ey.com
www.ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STAR AFRICA CORPORATION LIMITED

Report on the Audit of the Consolidated and Company Financial Statements

Opinion

We have audited the consolidated and company financial statements of Star Africa Corporation Limited (the "Group") as set out on pages 22 to 58 which comprise the statements of financial position as at 31 March 2018, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the financial position of the Group and company as at 31 March 2018, and its consolidated and company financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Consolidated and Company Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 24 in the financial statements, which indicates that the Group recorded a net loss of $3.8 million during the year ended 31 March 2018. As at that date, its current liabilities exceeded its current assets by $7.9 million. These conditions, along with other matters as stated in note 24, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditor's Report Cont'd

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and company financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Secondary Scheme of Arrangement</td></tr>
<tr><td>The Group is still under the Secondary Scheme of Arrangement with its creditors and lenders in terms of Section 191 of the Companies Act (Chapter 24:03), and in the current year, a number of the key creditors and lenders exercised their options to convert amounts owed to them to equity.

We have considered this matter as of most significance to the audit as it is an area of significant consideration to the users of the financial statements and the conversions to equity are significant to the group structure and the financial statements as a whole.

In addition, due to the significance and complex nature of these transactions, this required significant auditor attention to assess appropriateness of the accounting treatment as it is subject to an inherent risk of error.

Disclosures related to the Secondary Scheme of Arrangement are included in Notes 3, 16 and 22 to the financial statements.</td><td>We performed the following audit procedures among others:-
• Reviewing the journal entries and the related conversion agreements for the conversion from debt to equity under the Secondary Scheme of Arrangement;
• Reviewing and evaluating the accounting treatment of the conversions;
• Reviewing subsequent invoices and disbursements to evaluate completeness of liabilities and accruals;
• Obtaining third party confirmations on the significant liability balances and;
• Assessing the adequacy of the disclosures included in the financial statements.</td></tr>
<tr><td colspan="2">Revaluation of land and buildings</td></tr>
<tr><td>The Group's land and buildings disclosed as either Property, Plant and Equipment in Note 10 or Investment Property in Note 11 were revalued in the current year in accordance with the Group's accounting policies.

Given the significance of the portfolio of property and its widespread geographic location, which includes some assets located in remote areas, there is a risk that the values of these properties might not be appropriately determined. Management engaged an independent valuer to determine the fair values of the properties. The valuations were assessed as significant to our audit because they involve use of significant assumptions and judgements in coming up with the open market values. Assumptions applied in this</td><td>We performed the following audit procedures among others:-
• Assessing the key assumptions and methodologies used in the valuation models by the experts in determining the fair values of these properties for reasonableness;
• Involving our team of valuation experts to assist us with the review of assumptions and methodologies based on available market information;
• Assessing the competency and objectivity of the independent expert that management engaged to perform the valuation process and;
• Assessing the adequacy of the disclosures included in the financial statements.</td></tr>
</table>

process have been disclosed in Note 10.3 and Note 11 of the financial statements. Included below are some of the significant assumptions applied: • Rentals per square metre for the buildings; • Price per square metre for land or stands; • Capitalisation rates and • Comparable transacted property prices. The determination of fair values of properties is a highly subjective and complex process given that the property market is not very liquid. Accordingly the valuation of assets was considered to be a key audit matter due to the impact of the above assumptions and the related complexity of the process which resulted in significant audit effort in this area.	
Impairment of the sugar refinery plant	
The Group assesses each asset or cash generating unit at each reporting period to determine whether any indication of impairment exists. The impairment assessment for the sugar refinery plant was significant to our audit as its carrying amount constitutes approximately 45% of the Group's total property, plant and equipment and the impairment assessment process involves significant judgement. The assessment process involved certain significant management assumptions such as: • Determining a discount rate to use in the discounted cash flow in calculating the net present value (taking into account country risk factors) ; • Determination of appropriate cash flow projections to be generated by the sugar refinery plant. • Determining the growth rate to estimate cash flow projections beyond the period covered by the most recent forecasts. The assumptions noted above involve significant estimation in particular, the identification of an appropriate discount rate is difficult given the lack of liquidity in the local bond market and the perceived country risk. Disclosures related to the impairment of the sugar refinery plant are included in Notes 2.4 and 10.1 in the financial statements.	We performed the following audit procedures among others:- - Assessing reasonableness of the key assumptions used in the forecasts when assessing the cash flow projections to be generated by the sugar refinery plant. - Including on our team, experts to assist in reviewing the discount rate used by management based on available market information; - Recomputed the value in use of the sugar refinery plant to assess reasonableness and; - Assessing the adequacy of the disclosures included in the financial statements.

Independent Auditor's Report Cont'd

Other Information

Other Information consists of Financial Highlights, the Chairman's Statement, Corporate Governance Report, the Directors' Report and the Directors Responsibility Statement but does not include the financial statements and our auditor's report thereon. The directors are responsible for the Other Information.

Our opinion on the consolidated and company financial statements does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and company financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated and company 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 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 Consolidated and Company Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company 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 consolidated and company 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 consolidated and company 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and company 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 group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and company financial statements, including the disclosures, and whether the consolidated and company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we 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 consolidated and company 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.

Report on Other Legal and Regulatory Requirements
In our opinion, the consolidated and company financial statements, have in all material respects been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Fungai Kuipa (PAAB Practising Number 335).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

27 June 2018

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Group 2018 US$	Group 2017 US$	Company 2018 US$	Company 2017 US$
Sale of goods and services	**20**	47 678 520	32 302 503	-	-
Rental income		421 600	331 366	-	-
Revenue		**48 100 120**	**32 633 869**	**-**	**-**
Cost of sales		(40 285 453)	(26 631 892)	-	-
Gross profit		7 814 667	6 001 977	-	-
Other income		963 348	594 153	-	-
Fair value adjustment on investment property		72 000	-	-	-
Investment income		-	-	684 845	612 835
Administrative expenses		(6 651 665)	(5 926 698)	-	-
Earnings before restructuring costs and interest		2 198 350	669 432	684 845	612 835
Restructuring costs	**6.1**	**-**	**(4 643 634)**	**-**	**-**
Restructuring fees (financial and legal advisors)		-	(681 349)	-	-
Loss on loan restructuring		-	(3 962 285)	-	-
Finance cost		(6 243 635)	(2 599 589)	-	-
Exchange loss on foreign payments		(8 171)	-	-	-
Finance income		2 147	1 535	2 147	1 510
Share of profit of an associate	**12.1**	823 778	897 267	-	-
(Loss)/profit before taxation	**6**	**(3 227 531)**	**(5 674 989)**	**686 992**	**614 345**
Income tax	**7.1**	(554 640)	(184 869)	(136 969)	(122 567)
(Loss)/profit for the year		**(3 782 171)**	**(5 859 858)**	**550 023**	**491 778**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translating foreign operations	**12.1**	248 694	88 844	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):		**214 130**	**199 880**	**-**	**-**
Revaluation of property, plant and equipment	**10**	225 400	210 400	-	-
Tax on revaluation of property, plant and equipment		(11 270)	(10 520)	-	-
Net other comprehensive income, net of tax		**462 824**	**288 724**	**-**	**-**
Total comprehensive(loss)/income		**(3 319 347)**	**(5 571 134)**	**550 023**	**491 778**
Profit/(loss) attributable to					
Non-controlling interests		-	-	-	-
Equity holders of the parent		(3 782 171)	(5 859 858)	550 023	491 778
		(3 782 171)	(5 859 858)	550 023	491 778
Total comprehensive (loss) / income attributable to:					
Non-controlling interests		-	-	-	-
Equity holders of the parent		(3 319 347)	(5 571 134)	550 023	491 778
		(3 319 347)	(5 571 134)	550 023	491 778
Loss per share					
Basic (cents)	**9**	(0.60)	(1.13)		
Diluted (cents)		(0.60)	(1.13)		

Statement of Financial Position

AS AT 31 MARCH 2018

	Notes	Group 2018 US$	Group 2017 US$	Company 2018 US$	Company 2017 US$
ASSETS					
Non-current assets					
Property, plant and equipment	**10**	20 869 629	21 191 918	-	-
Investment property	**11**	7 367 000	7 295 000	-	-
Investment in an associate	**12.1**	2 618 427	2 230 799	99 279	99 279
Investment in subsidiaries	**12.2**	-	-	18 577 144	18 577 144
		30 855 056	**30 717 717**	**18 676 423**	**18 676 423**
Current assets					
Inventories	**13**	3 480 688	6 026 445	-	-
Trade and other receivables	**14**	5 943 447	5 911 620	50 122 678	2 341 107
Prepayments and deposits		71 517	90 061	-	-
Cash and cash equivalents	**15.4**	1 215 794	804 972	210 592	144 262
		10 711 446	**12 833 098**	**50 333 268**	**2 485 369**
TOTAL ASSETS		**41 566 502**	**43 550 815**	**69 009 691**	**21 161 792**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued share capital	**3**	471 024	51 847	471 024	51 847
Share premium	**3**	56 339 807	9 563 834	56 339 807	9 563 834
Non-distributable reserves	**5**	25 000 775	24 537 951	28 945 097	28 945 097
Equity component of compound instruments	**16.3 (i)**	2 926 209	4 690 578	-	-
Accumulated losses		(85 270 115)	(81 487 944)	(17 821 209)	(18 371 232)
Shareholders' equity		(532 300)	(42 643 734)	67 934 719	20 189 546
Non-controlling interest		1 608 671	1 608 671	-	-
Total equity		**1 076 371**	**(41 035 063)**	**67 934 719**	**20 189 546**
Non-current liabilities					
Loans and borrowings	**16.1**	19 669 544	61 046 094	-	-
Deferred tax liability	**18**	2 226 168	1 826 921	-	-
		21 895 712	**62 873 015**	**-**	**-**
Current liabilities					
Bank overdraft	**15.4**	99 340	145 340	-	-
Trade and other payables	**19**	15 309 155	19 473 390	165 265	165 265
Loans and borrowings	**16.2**	2 004 515	998 401	-	-
Income tax payable		1 181 409	1 095 732	909 707	806 981
		18 594 419	**21 712 863**	**1 074 972**	**972 246**
Total liabilities		**40 490 131**	**84 585 878**	**1 074 972**	**972 246**
TOTAL EQUITY AND LIABILITIES		**41 566 502**	**43 550 815**	**69 009 691**	**21 161 792**

J.S Mutizwa
CHAIRMAN
27 June 2018

R. V. Mutyiri
CHIEF EXECUTIVE
27 June 2018

Statement Of Changes In Equity

FOR THE YEAR ENDED 31 MARCH 2018

GROUP

	Attributable to equity holders of the parent							
	Issued Capital (Note 3) US$	Share Premium US$	Non - distributable Reserve (Note 5) US$	Equity component of compound financial instruments US$	Accumulated Losses US$	Total US$	Non-controlling Interest US$	Total Equity US$
Balance as at 31 March 2016	**51 847**	**9 563 834**	**24 249 227**	**-**	**(75 628 086)**	**(41 763 178)**	**1 608 671**	**(40 154 507)**
Loss for the year	-	-	-	-	(5 859 858)	(5 859 858)	-	(5 859 858)
Other comprehensive income	-	-	288 724	-	-	288 724	-	288 724
Total comprehensive income	-	-	288 724	-	(5 859 858)	(5 571 134)	-	(5 571 134)
Equity component of compound instruments	-	-	-	4 690 578	-	4 690 578	-	4 690 578
Balance as at 31 March 2017	**51 847**	**9 563 834**	**24 537 951**	**4 690 578**	**(81 487 944)**	**(42 643 734)**	**1 608 671**	**(41 035 063)**
Ordinary shares issued on conversion of debt to equity	419,177	45 011 604	-	-	-	45 430 781	-	45 430 781
Equity component transfer on conversion of compound financial instruments	-	1 764 369	-	(1 764 369)	-	-	-	-
Loss for the year	-	-	-	-	(3 782 171)	(3 782 171)	-	(3 782 171)
Other comprehensive income	-	-	462 824	-	462 824	-	-	462 824
Total comprehensive income	-	-	462 824	-	(3 782 171)	(3 319 347)	-	(3 319 347)
Balance as at 31 March 2018	**471,024**	**56,339,807**	**25,000,775**	**2,926,209**	**(85,270,115)**	**(532,300)**	**1,608,671**	**1,076,371**

COMPANY

	Share capital US$	Share Premium US$	Functional Currency Conversion Reserve US$	Retained Earnings US$	Total US$
Balance as at 31 March 2016	**51 847**	**9 563 834**	**28 945 097**	**(18 863 011)**	**19 697 767**
Total comprehensive income for the year	-	-	-	491 779	491 779
Balance as at 31 March 2017	**51 847**	**9 563 834**	**28 945 097**	**(18 371 232)**	**20 189 546**
Ordinary shares issued on conversion of debt to equity	419,177	46 775 973	-	-	47,195,150
Total comprehensive profit for the year	-	-	-	550 023	550 023
Balance as at 31 March 2018	**471 024**	**56 339 807**	**28 945 097**	**(17 821 209)**	**67 934 719**

Statement Of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Group 2018 US$	Group 2017 US$	Company 2018 US$	Company 2017 US$
Operating activities					
Cash generated /(used) in operations	15.3	275 041	983 009	(586 420)	(440 090)
Finance income received		2 147	1 510	2 147	1 510
Finance cost paid		(187 049)	(206 977)	-	-
Taxation paid	7.2	(80 986)	(65 950)	(34 242)	(30 641)
Net cash generated from / (used in) operating activities		**9 153**	**711 592**	**(618 515)**	**(469 221)**
Investing activities					
Acquisition of property, plant and equipment	10	(391 954)	(433 932)	-	-
Proceeds from disposal of property, plant and equipment		28 225	10 299	-	-
Dividends received from associate	12.1	684 845	612 835	684 845	612 835
Proceeds from disposal of business net of cash disposed of		-	751 000	-	-
Net cash flows generated from investing activities		**321 116**	**940 202**	**684 845**	**612 835**
Financing activities					
Acquisition of long term loans		1 000 000	-	-	-
Payment of long term loans		(873 447)	(751 000)	-	-
Net cash flows from / (used) in financing activities		**126 553**	**(751 000)**	**-**	**-**
Net increase in cash and cash equivalents		**456 822**	**900 794**	**66 330**	**143 614**
Cash and cash equivalents at 1 April		659 632	(241 162)	144 262	648
Cash and cash equivalents at 31 March	**15.4**	**1 116 454**	**659 632**	**210 592**	**144 262**

Notes To The Financial Statements

FOR THE YEAR ENDED 31 MARCH 2018

1.1 CORPORATE INFORMATION

The consolidated financial statements of starafricacorporation limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 March 2018 were authorized for issue in accordance with a resolution of the directors on 21 June 2018. Starafricacorporation limited is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded through the Zimbabwe Stock Exchange.

1.2 Corporate Information

Nature of business		
Name	**%Equity interest**	**Nature of Business**
Star Africa Corporation limited		Holding company
StarAfrica operations (Private) Limited	100%	Sugar refining, manufacture of sugar based products, marketing and distribution of sugar
Red Star Holdings Limited	100%	Dormant
Silver Star Properties (Private) Limited	100%	Property-holding company
Tongaat Hullet (Botswana) (Proprietary) Limited	33.33%	Packaging and distribution of refined sugar
Safariland Investments (Private) Limited	70%	Property-holding company

1.3 Currency

The financial statements are expressed in United States dollars (US$) rounded off to the nearest dollar, which is the corporation's functional and reporting currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for property, plant and investment property that has been measured at fair value.

Statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. Amendments and improvements to existing standards that became effective for the Group as from 1 April 2016 did not have a material impact on the Group.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Operating lease commitments-Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Assets held for sale and discontinued operations

The classification of assets and disposal groups as held for sale involves judgment on whether the disposal will take place within the next 12 months for an asset or disposal Group to be classified as held for sale per the requirements of IFRS 5- Non- current assets held for sale and discontinued operations. Classifying a disposal group as a discontinued operation also requires judgment in determining if the disposal group represents a separate major line of business or geographical area of operations.

Management is continuing with its efforts to find a buyer for its investment in Tongaat Hulett Botswana. It is management's view that the investment is not likely to be disposed of in the next 12 months. As a result, the investment has not been classified as an asset held for sale as at 31 March 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

i. Useful lives and residual values of property, plant and equipment

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment. Refer to Note 10 and accounting policy note for more information on property plant and equipment.

ii. Revaluation of property and fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures property, plant and equipment at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair values on entire properties held by the Group as at 31 March 2018. For the investment property, the valuer used a valuation technique based on future rentals and or comparable values. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of property, plant and equipment and investment properties, are further explained in Notes10 and 11.

iii. Allowance for credit losses

The Group estimates allowance for credit losses based on individual receivable recoverability and the length of time the receivable has been outstanding. Refer to Note 14 for more information on the carrying amount of receivables and allowances for credit losses.

iv. Impairment of non-financial assets

The Group assesses each asset or cash generating unit (CGU) at each reporting period to determine whether any indication of impairment exists. An impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of Goldstar Sugars Harare

The Group's sugar refinery plant has started achieving positive cash flows and post year end performance together with management's forecast performance show that the asset is not impaired. The following are the key assumptions made in calculating the value in use of the Group's sugar refinery plant:
- A forecast period for five years
- An increase in volumes from 83 000tonnes in year one to 114 000 tonnes in the fifth year
- An average price of $768 for the next five years
- An economically viable raw sugar price that gives a consistent margin of 15%
- Growth in market share
- Discount rate used was 15%

v. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has $15 393 700 (2017: $20 844 225) of tax losses carried forward. Further details on taxes are disclosed in Note 18.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies

a) Foreign currency translation
The Group's consolidated financial statements are presented in United States Dollars, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

i. Transactions and balances
Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity. Non-monetary items are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

ii. Group companies
The assets and liabilities of foreign operations are translated into United States Dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

b) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured regardless of when payment is received. Revenue is measured at the fair value of the consideration received or receivable taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements it is the primary obligor in all the revenue arrangements, has pricing latitudes, and is also exposed to the inventory and credit risks. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income
For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

Dividend income
Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental income
Rental income arising from operating leases on investment properties is recognized on a monthly basis based on the lease terms which are generally on short term and subject to review after every twelve months. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when they arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

c) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable

- Receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

d) Pensions and other post employment benefits

Retirement benefits are provided for eligible employees through an independently administered defined contribution fund, including the National Social Security Authority (NSSA). Contributions to these funds are recognised as an expense in the period to which employees' services relate. All eligible employees are required to be members of a Starafrica Group contributory pension scheme administered by an employee benefit consultancy company.

e) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group's financial assets include cash and short-term deposits and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income in finance costs.

Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the 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 reorganization 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

f) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

g) Compound Financial Instruments

Initial recognition and measurement

Compound financial instruments issued by the Group comprise amounts payable to creditors under the Secondary Scheme of Arrangement with creditors that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent measurement

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

h) Property, plant and equipment

Land and buildings are measured at fair value less accumulated depreciation and impairment losses charged subsequent to the date of revaluation and the rest of property, plant and equipment is carried at cost less accumulated depreciation and impairment. Any revaluation surplus is recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity, that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

h) Property, plant and equipment (continued)

A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and machinery 5%-15% straight line
Motor vehicles 10%-30% straight line
Furniture and equipment 10%-33.3% straight line
Buildings 2% straight line

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and prospectively adjusted, if appropriate.

i) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. During the current year there were no borrowing costs that were capitalized to qualifying assets.

k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:
Raw materials: purchase cost on a first-in/first-out basis
Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l) Cash and short term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. Cash falls into the loans and receivables category of financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

m) Investment in an associate

The financial results of the Group's associate are included in the group's results according to the equity method from acquisition date until the disposal date. Under this method, subsequent to the acquisition date, the Group's share of profits or losses of associate is charged to profit or loss as equity accounted earnings and its share of movements in other comprehensive income and equity is recognised in other comprehensive income or statement of changes in equity. All cumulative post-acquisition movements in the equity of associates are adjusted against the cost of the investment. When the group's share of losses in associates equals or exceeds its interest in those associates, the group does not recognise further losses, unless the group has incurred a legal or constructive obligation or made payments on behalf of those associates. Goodwill relating to associate is included in the carrying value of the associate and is not amortised or separately tested for impairment.

The total carrying value of associate, including goodwill, is tested for impairment when there is objective evidence that the investment in the associate is impaired. If impaired, the carrying value of the Group's share of the underlying assets of the associate is written down to its estimated recoverable amount in accordance with the accounting policy on impairment and charged to profit or loss. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. In the Company financial statements the investment in associate is accounted for at cost.

n) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.6 Standards issued and effective in the current period

IAS 7 Statement of Cash Flows

The IASB recently issued an amendment to IAS 7 Statement of Cash flows, which is effective for the first time in the current period. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash charges (such as foreign exchange gains and losses).

2.7 Standards and Interpretations in issue but not yet effective

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards, if applicable, when they become effective. The Group expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Group's financial position or performance in the period of initial application but additional disclosures will be required. In cases where it will have an impact the Group is still assessing the possible impact.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Standards and Interpretations in issue but not yet effective (continued)

IFRS 9 Financial Instruments (continued)
IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. Assessment based on currently available information is still underway to determine the impact of the standard on the Group's statement of financial position and equity.

(a) Classification and measurement
The Group is still assessing the impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group expects that these will continue to be measured at amortised cost under IFRS 9, however. The Group will continue to review the characteristics of current and new instruments.

(b) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record life time Expected Credit Losses on all trade receivables. Management is still assessing the extent of the impact of the standard.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under existing IFRS. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g. sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates.

Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is still assessing the impact of the standard by evaluating the contractual relationships with customers.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively. The effective date of the amendment was deferred indefinitely pending the outcome of the research project on the equity accounting method. These amendments are not expected to have any impact on the Group.

IFRS 16 - Leases
The International Accounting Standards board (IASB) issued IFRS 16 in January 2016 which requires lessees to recognize assets and liabilities for most leases on their balance sheets. Under the new standard, a lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

To be a lease, a contract must convey the right to control the use of the identified asset, which could be a physically distinct portion of an asset. The standard will be effective for annual periods beginning on or after 1 January 2019.The Group is still assessing the impact of the standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Standards and Interpretations in issue but not yet effective (continued)

AS 7 Disclosure Initiative – Amendments to IAS 7
The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted.

The amendment is effective for year ends beginning on or after 1 January 2018 and will result in additional disclosures in the financial statements that will provide information to help investors better understand changes in the Group's debt.

IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas:
- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.

The amendment is effective for year ends beginning on or after 1 January 2018 and is not expected to impact the Group as it currently does not have any share based payments.

IAS 40 Investment Property - Amendments to IAS 40
The IASB issued the amendments to clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

The amendment is effective for annual periods beginning on or after 1 January 2018 and the Group is assessing the impact of the amendment on the current classifications of property.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The amendment is effective for annual periods beginning on or after 1 January 2018 and the Group is assessing the impact of the amendment on the transactions conducted in currencies other the United States Dollar which is the reporting currency.

IFRIC 23 – *Uncertainty over income tax treatments*
The Interpretation clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:
- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Standards and Interpretations in issue but not yet effective (continued)

An entity should reassess any judgements and estimates made if the facts and circumstances change or new information becomes available. The effect of a change in facts and circumstances, or the emergence of new information, should be reflected as a change in accounting estimates as per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. An entity should apply IAS 10 Events after the Reporting Period to determine whether a change that occurs after a reporting period is an adjusting or non-adjusting event.

The interpretation is effective for periods beginning on or after 1 January 2019. The impact of the interpretation is that will provide helpful clarification on how to apply the requirements of IAS 12.

Annual Improvements 2015-2017 cycle (issued in December 2017)
Following is a summary of the amendments from the 2015-2017 annual improvements cycle:

IFRS 3 Business Combinations- Previously held Interests in a joint operation
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.

In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.

IFRS 11 Joint Arrangements - Previously held Interests in a joint operation
A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.

IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

Notes To The Financial Statements Cont'd

FOR THE YEAR ENDED 31 MARCH 2018

3 SHARE CAPITAL AND SHARE PREMIUM

3.1 Share Capital

	Mar-18 US$	Mar-17 US$
Authorised share capital	**1 000 000**	**1 000 000**
7 000 000 000 ordinary shares of US$0.0001 each	700 000	700 000
3 000 000 000 Redeemable, cumulative, convertible preference shares of US$0.0001	300 000	300 000
Issued and fully paid share capital (ordinary shares of US$0.0001)	**471 024**	**51 847**
Opening balance at 1 April	51 847	51 847
Ordinary shares issued during the year (4 191 771 233 ordinary shares of US$0.0001)	419 177	-
Unissued share capital	**528 976**	**948 153**

The increase in issued share capital was as a result of Scheme creditors who exercised their options to convert amounts owed to them into equity as more fully described under note 16.

3.2 Share premium

	Mar-18 US$	Mar-17 US$
Opening balance as at 1 April	9 563 834	9 563 834
Premium from debt to equity conversion	46 775 974	-
Closing balance as at 31 March	**56 339 808**	**9 563 834**

The increase in share premium was as a result of Scheme creditors who exercised their options to convert amounts owed to them into equity as more fully described under note 16.

4 RETAINED EARNINGS

In terms of the Zimbabwe Exchange control regulations, retained profit brought forward from prior years is now remittable to nonresident shareholders.

5 NON DISTRIBUTABLE RESERVE

	GROUP			
	Foreign currency translation reserve US$	Foreign currency conversion reserve US$	Asset revaluation reserve US$	Total US$
Balance at 31 March 2016	(827,657)	(8 775 320)	33 852 204	24 249 227
Revaluation of land and buildings	-	-	210 400	210 400
Tax on revaluation	-	-	(10 520)	(10 520)
Exchange difference on translating foreign operations	88 844	-	-	88 844
Balance at 31 March 2017	**(738 813)**	**(8 775 320)**	**34 052 084**	**24 537 951**
Revaluation of property and plant	-	-	225 400	225 400
Deferred Tax on revaluation			(11 270)	(11 270)
Exchange difference on translating foreign operations	248 694	-	-	248 694
Balance at 31 March 2018	**(490 119)**	**(8 775 320)**	**34 266 214**	**25 000 775**

5 NON DISTRIBUTABLE RESERVE

	COMPANY Foreign currency translation reserve US$	Foreign currency conversion reserve US$	Total US$
Balance at 31 March 2016	-	28 945 097	28 945 097
Balance at 31 March 2017	-	28 945 097	28 945 097
Balance at 31 March 2018	-	28 945 097	28 945 097

Nature and purpose of reserve

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising on translation of the financial statements of foreign operations.

Foreign currency conversion reserve

This arose as a result of change in functional currency from the Zimbabwe dollar to the United Stated Dollar. It represents the residual equity in existence as at the date of the changeover and has been designated as Non-distributable reserve.

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of property and plant and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity. A revaluation was carried out as at 31 March 2018 (refer to note 10).

6 LOSS BEFORE TAXATION

	Note	GROUP 2018 US$	GROUP 2017 US$	COMPANY 2018 US$	COMPANY 2017 US$
Loss or profit before tax is stated after charging/(crediting) the following items:					
(Profit) on disposal of property, plant and equipment		(28 225)	(10 300)	-	-
Depreciation	10	939 643	906 399	-	-
Fair value adjustment on Investment Property	11	(72 000)	-	-	-
Allowance for credit losses	14	131 069	133 991	-	-
Inventory write down	13	181 764	-	-	-
Auditors' remuneration		72 450	55 000	-	-
Salaries and employee benefits		2 541 605	2 877 490	-	-
-Employee wages and salaries		2 453 132	2 800 973	-	-
-Defined contribution plan (National Social Security Authority)		88 474	76 517	-	-
Directors' emoluments:					
- Fees		127 800	130 300	-	-
- Pension		882	784	-	-
- Salaries and other benefits		412 673	353 272	-	-

6.1 Restructuring costs

During the previous financial year fees were paid to various experts including legal advisors, reporting accountants and financial advisors and were specifically classified as restructuring costs as they solely pertained to Secondary scheme of arrangement with creditors which was not an ordinary or recurring operating activity.

7 TAXATION

		GROUP		COMPANY	
		2018 US$	2017 US$	2018 US$	2017 US$
7.1	**Current tax**				
	Current year	29 694	44 654	-	-
	Tax on foreign dividends	136 969	122 567	136 969	122 567
	Deferred tax movement	387 977	17 648	-	-
		554 640	**184 869**	**136 969**	**122 567**
7.2	**Tax paid**				
	Income tax	46 744	35 308	-	-
	Tax on foreign dividends	34 242	30 642	34 242	30 641
		80 986	**65 950**	**34 242**	**30 641**

8 RECONCILIATION OF RATE OF TAX

	GROUP		COMPANY	
	2018 US$ %	2017 US$ %	2018 US$ %	2017 US$ %
Standard rate	(25.75)	(25.75)	25.75	25.75
Adjusted for:				
Share of profit from Associate	(6.57)	(4.07)	-	-
Associate income taxed at source	-	-	(5.75)	(2.78)
Assessed loss for which no deferred tax recognised	-	(6.79)	-	-
Utilisation of unrecognised tax losses	(7.33)	-	-	-
Non deductible interest expense	48.98	29.38	-	-
Non deductible expenses	7.80	8.73	-	-
Exempt income	0.05	1.76	-	(2.97)
Effective rate of taxation	**17.18**	**3.26**	**20.00**	**20.00**

9 LOSS PER SHARE

The option for some of the remaining Secondary Scheme creditors to convert their debts to ordinary shares gives rise to potentially dilutive ordinary shares as at year end. These shares have not been considered as the company has a negative earnings attributable to shareholders and its basic earnings per share is negative thus would be anti- dilutive.

	2018 US$	2017 US$
Net loss attributable to equity holders of the parent	(3 782 171)	(5 859 858)
Number of shares		
Weighted average number of ordinary shares for basic loss per share	**627 372 302**	**518 469 120**

As at 31 March 2018 the actual shares in issue were 4 710 240 353 but the weighted average number of shares used for calculation for loss per share was 627 372 302 because almost all the debt to equity conversions took place in the last month of the financial year.

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Power of Partnerships

10 PROPERTIES, PLANT AND EQUIPMENT

GROUP

	Land and Buildings US$	Plant and Machinery US$	Commercial vehicles US$	Passenger motor vehicles US$	Furniture & equipment US$	Total US$
Cost/Valuation						
At 1 April 2016	**11 646 535**	**18 073 485**	**3 376**	**65 311**	**380 651**	**30 169 358**
Additions	-	423 376	-	-	10 556	433 932
Disposals	-	-	-	(36 000)	-	(36 000)
At 31 March 2017	**11 646 535**	**18 496 861**	**3 376**	**29 311**	**391 207**	**30 567 290**
Additions	-	344 337	-	26 770	20 847	391 954
Revaluation of land	15 000	-	-	-	-	15 000
Disposals	-	-	-	(29 311)	-	(29 311)
At 31 March 2018	**11 661 535**	**18 841 198**	**3 376**	**26 770**	**412 054**	**30 944 933**
Depreciation and impairment						
At 1 April 2016	**916 535**	**7 638 234**	**3 376**	**65 311**	**91 917**	**8 715 373**
Depreciation charge for the period	210 400	674 135	-	-	21 864	906 399
Depreciation reversal on revalution	(210 400)	-	-	-	-	(210 400)
Disposals	-	-	-	(36 000)	-	(36 000)
At 31 March 2017	**916 535**	**8 312 369**	**3 376**	**29 311**	**113 781**	**9 375 372**
Depreciation charge for the period	210 400	692 928	-	13 654	22 662	939 643
Depreciation reversal on revalution	(210 400)	-	-	-	-	(210 400)
Disposals	-	-	-	(29 311)	-	(29 311)
At 31 March 2018	**916 535**	**9 005 297**	**3 376**	**13 654**	**136 443**	**10 075 304**
Carrying amount at 31 March 2018	**10 745 000**	**9 835 901**	**-**	**13 116**	**275 611**	**20 869 629**
Cost or valuation	11 661 535	18 841 198	3 376	26 770	412 054	30 944 933
Accumulated depreciation and impairment losses	(916 535)	(9 005 297)	(3 376)	(13 654)	(136 443)	(10 075 304)
Carrying amount at 31 March 2017	**10 730 000**	**10 184 492**	**-**	**-**	**277 426**	**21 191 917**
Cost or valuation	11 646 535	18 496 861	3 376	29 311	391 207	30 567 290
Accumulated depreciation and impairment losses	(916 535)	(8 312 369)	(3 376)	(29 311)	(113 781)	(9 375 372)

The property, plant and equipment includes fully depreciated assets with a gross carrying amount of $ 940 516.

10.1 Impairment assessment

Management carried out an analysis on the discounted cash flows (DCF) for the Goldstar Sugars Harare plant and the results indicated that the value arrived at through DCF analysis is higher than the current carrying amount of the plant. Management believe that the plant is not impaired.

The key assumptions applied in determining the recoverable amount are indicated in Note 2.4.

10.2 Property provided as security

Property with a carrying value of $ 4.1 million was provided as security with respect to loans (Note 16.3)

10.3 Revaluation of property, plant and equipment

The group carries land and buildings at fair value less accumulated depreciation and impairment, and the rest of property plant and equipment is carried at cost less accumulated depreciation and impairment. The revalued property consists of commercial stands, warehouses, residential and industrial buildings in Zimbabwe. Fair value of the properties was determined by using market comparable method and the implicit investment method.

At date of revaluation, 31 March 2018, the properties' fair values were determined by Dawn Properties Consultants, an accredited independent valuer. The valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The inputs used as at 31 March 2018 fair value measurement, including the ranges of rent charged to different units are as below:

	Valuation technique	Significant unobservable input
Industrial	Implicit Investment	Rental per square metre US$3 - US$4.50 (2017: US$3 - US$4.50)
Land	Comparable method	Price per square metre US$2.00 - US$7.76 (2017: US$2.00 - US$7.76)
Residential	Comparable method	Main Space Equivalent (MSE) factor

Management concluded that the carrying amount of land and buildings approximate fair values. Significant increases / decreases in estimated rental value and growth per annum in isolation would result in a significantly higher/ (lower) fair value of the properties. Significant increases/ (decreases) in long term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower / (higher) fair value.

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		US$	US$	US$	US$
Fair value measurement hierarchy for assets as at 31 March 2018: Land and buildings	31 March 2018	10 745 000	-	-	10 745 000
Fair value measurement hierarchy for assets as at 31 March 2017: Land and buildings	31 March 2017	10 730 000	-	-	10 730 000

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2018 US$	2017 US$
Cost	10 730 000	10 730 000
Accumulated depreciation	(420 800)	(210 400)
Net carrying amount	10 309 200	10 519 600

11 INVESTMENT PROPERTY

	2018 US$	2017 US$
Balance at 1 April	7 295 000	7 295 000
Disposals	-	-
Fair value adjustment	72 000	-
Balance at 31 March	7 367 000	7 295 000

Investment properties were valued by Dawn Property Consultancy an accredited independent valuer. Dawn Property Consultancy is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuations Standards Committee has been applied.

- Investment Property with a value of $ 2.8 million was pledged as security for borrowings.
- Twenty five (25) properties have no title deeds. Of these, fourteen (14) are held under lease with rural district councils, seven (7) are under dispute with a non-controlling shareholder of a subsidiary company in a High Court case where Directors believe there will not be any significant outflow of resources and four (4) are undergoing the process of transfer of ownership from previous owners.

There was a minor fair value adjustment in current year because, per the valuers, the United States Dollars values of the economic fundamentals that drive values of properties did not significantly change in the period between 1 April 2017 and 31 March 2018.

The level of the fair value hierarchy and the description of the valuation techniques applied are detailed below;

Description of valuation techniques used and key inputs to valuation of investment properties;
Owing to the current macro-economic challenges prevailing in Zimbabwe transactions in various segments of the property market have not been active; therefore the following methods and assumptions have been adopted in the valuation process:

Valuation techniques for Land and Residential Properties
The comparative method is used to value Land and residential properties. This method works on the basic assumption that the price paid for a property at a given point in time is evidence of the market value of that property and all other factors being equal is a good indicator of the market value of a similar property. It involves carrying out a valuation by directly comparing the subject property with similar properties which have sold in the past and using evidence of those transactions to assess the value of the subject property. Analysis should encompass every attribute of a transaction that was different from every other attribute in selected comparable transactions.

The more comparables that are available to the valuer, the easier it is to derive an estimate of value with substantive evidence. Most suitable for residential property where there is a freehold interest or a long leasehold interest. The units of comparison can include land area per square metre; main space equivalent (This encompasses location; size; quality; etc.). The key drivers of value are land value and the main space equivalent factor (MSE).

Valuation techniques for Other Investment Properties
The Income approach was used to value investment properties. This method is based on the assumption that rental and capital values have a close relationship. There is an inverse relationship between asking price and the capitalisation rate. The higher the capitalisation rate the lower the asking price and vice versa. The method is used to value income (from rents or leases) producing properties. The income generated by the property is used in conjunction with the capitalisation rate to estimate the property value. The capitalisation rate is evidence based on the similar returns that are achieved by similar properties that are sold in the market. The chief drivers in property values are capitalisation rate and the net annualized rental income.

Significant Unobservable Inputs
These are as follows:-
For Land and Residential Properties – land rate per square metre and the main space equivalent (MSE) factor.
For Investment Properties – The net annualized rental and the capitalization rate.

In arriving at the Fair Values, the following rentals and capitalisation rates were applied on the main space for selected towns:

	Valuation	Significant unobservable inputs	Range
Industrial	Implicit investment	Estimated Rental Value per sqm	US$3-US$4.5 (2017: US$3-US$4.5)
		Capitalisation rate	11% - 13% (2017:11-13%)
Warehouse	Implicit investment	Estimated Rental Value per sqm	US$1.5-US$3.5 (2017: US$1.5-US$3.5)
		Capitalisation rate	11% - 13% (2017:11-13%)
Residential	Comparable method	Estimated Cost per sqm + Comparable Transacted property prices	-
Land/ stands	Comparable method	Price per square metre	US$2.00 - US$7.76 (2017: US$2.00 - US$7.76)

Significant increases / decreases in estimated rental value and growth per annum in isolation would result in a significantly higher/ (lower) fair value of the properties. Significant increases/ (decreases) in long term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower / (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

Fair value measurement hierarchy for assets as at 31 March 2018:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		US$	US$	US$	US$
Assets measured at fair value					
Industrial		3 650 000	-	-	3 650 000
Warehouses		3 545 000	-	-	3 545 000
Residential		160 000	-	-	160 000
Vacant commercial stands		12 000	-	-	12 000
		7 367 000	-	-	7 367 000
Fair value measurement hierarchy for assets as at 31 March 2017:					
Investment properties;					
Industrial		3 650 000	-	-	3 650 000
Warehouses		3 475 000	-	-	3 475 000
Residential		158 000	-	-	158 000
Vacant commercial stands		12 000	-	-	12 000
		7 295 000	-	-	7 295 000

Revenue and expenses relating to investment property

	2018 US$	2017 US$
Rental income	421 600	331 366
Operating costs	(214 246)	(181 753)

There were no transfers between Levels 1, 2 and 3 during the year.

12 INVESTMENTS

12.1 Investment in associate

The Group has a 33.33% interest in Tongaat Hulett (Botswana) (Proprietary) Limited (formerly Sugar Industries (Pty) Limited).Tongaat Hulett (Botswana) (Proprietary) Limited is a private entity that is not listed on any public exchange.

The following table illustrates summarised financial information of the Group's investment in Tongaat Hulett (Botswana) (Proprietary) Limited.

	GROUP		COMPANY	
	2018 US$	2017 US$	2018 US$	2017 US$
Investment at cost	-	-	99 279	99 279
Associate's statement of financial position:				
Non-current assets	1 316 829	898 992	-	-
Current assets	8 124 411	8 697 271	-	-
Current liabilities	(1 422 919)	(2 831 596)	-	-
Non-current liabilities	(163 041)	(72 269)	-	-
Net assets	**7 855 280**	**6 692 398**	**-**	**-**
Share of the associate's statement of financial position:	2 618 427	2 230 799	-	-
Statement of comprehensive income	-	-	-	-
Revenue	32 043 726	29 067 001	-	-
Cost of sales	(27 035 655)	(23 930 162)	-	-
Administrative expenses	(1 860 424)	(1 703 610)	-	-
Finance costs	20 578	17 942	-	-
Profit before tax	3 168 225	3 451 171	-	-
Income tax expense	**(696 891)**	**(759 370)**	**-**	**-**
Profit for the year	2 471 334	2 691 801	-	-
Total comprehensive income	2 471 334	2 691 801	-	-
Group's share of total comprehensive income for the year	**823 778**	**897 267**	**-**	**-**
Dividend received from associate	**684 845**	**612 835**	**684 845**	**612 835**
Reconciliation of investment in associate				
Balance at 1 April	2 230 799	1 857 523	-	-
Share of profits	823 778	897 267	-	-
Dividends received	(684 845)	(612 835)	-	-
Effects of changes in exchange rates	248 694	88 844	-	-
Balance at 31 March	**2 618 427**	**2 230 799**	**-**	**-**

The investment was provided as security for a trade payable which was converted to a loan per the Secondary Scheme of Arrangement with creditors.

12.2 Investments in subsidiaries

	GROUP 2018 US$	GROUP 2017 US$	COMPANY 2018 US$	COMPANY 2017 US$
Starafrica Operations (Private) Limited	-	-	-	-
Silver Star Properties (Private) Limited	-	-	18 577 129	18 577 129
Starafrica International Limited	-	-	2	2
Namibstar Trading (Pty) Limited	-	-	13	13
	-	-	18 577 144	18 577 144

12.3 Material partly-owned subsidiaries

Financial information of subsidiaries that have material non controlling interest are provided below:

Proportion of equity interest held by non controlling interest

Name	Country of incorporation and operation	2018	2017
Safariland Investments (Private) limited	Zimbabwe	**30%**	**30%**

	2018	2017
Accumulated balances of material non controlling interest		
Name		
Safariland Investments (Private) limited	1 608 671	1 608 671
Profit allocated to material non controlling interest		
Name		
*Safariland Investments (Private) limited	-	-
Summarised statement of profit or loss - Safariland Investments (Private) limited		
Revenue	-	-
Administrative expenses	-	-
Fairvalue adjustment of investment	-	-
Loss before tax	-	-
Income tax		
Loss for the year	-	-
Total comprehensive loss	-	-
Summarised statement of financial position - Safariland Investments (Private) limited		
Investment property	1 900 000	1 900 000
Trade and other receivables	3 929 793	3 929 793
Cash and cash equivalents	280	280
Trade and other payables	(114 996)	(114 996)
Deferred Tax	(358 937)	(358 937)
Total equity	5 356 140	5 356 140
Attributable to:		
Equity holders of the parent	-	-
Non-controlling interest	1 608 671	1 608 671
Summarised cash flow information - Safariland Investments (Private) limited		
Operating	-	-
Net increase/(decrease) in cash and cash equivalents	-	-

*Safariland Investments (Private) limited was not operational during the year.

13 INVENTORIES

	GROUP		COMPANY	
	2018 US$	2017 US$	2018 US$	2017 US$
Raw materials	1 075 548	3 542 188	-	-
Work in progress	471 100	671 331	-	-
Finished product/wholesale merchandise	1 109 218	1 180 408	-	-
Consumables	824 822	632 518	-	-
Total inventories at the lower of cost and net realisable value	**3 480 688**	**6 026 445**	**-**	**-**

The amount of inventory write-down recognised as an expense is $181 764 (2017- nil) and is included in cost of sales. The amount of inventory expensed during the year is US$36 988 002 (2017-US$24 451 346)

14 TRADE AND OTHER RECEIVABLES

	GROUP 2018 US$	GROUP 2017 US$	COMPANY 2018 US$	COMPANY 2017 US$
Trade receivables	4 105 931	3 813 732	-	-
Receivables for disposed assets	471 925	1 054 855	-	-
Value added tax	389 753	453 721	-	-
Other receivables*	975 838	589 312	-	-
Amounts owed by related parties**	-	-	50 122 677	2 341 107
	5 943 447	**5 911 620**	**50 122 677**	**2 341 107**

* Other receivables include employee housing scheme debtors and payables reclassified to receivables.

** The movement in amounts owed by related parties relates to the Group's shares which are housed in the holding company which were issued in lieu of Secondary Scheme debts across subsidiaries.

The analysis of receivables as at 31 March 2018 is as follows:

	Total US$	Neither past due nor impaired US$	Past due but not impaired 30-45 days US$	Past due but not impaired 46-60 days US$	Past due but not impaired 61 days + US$
GROUP					
Trade receivables	4 105 931	3 049 509	687 219	369 203	-
Receivables for disposed assets	471 925	-	-	-	471 925
Value added tax	389 753	128 930	91 849	90 629	78 345
Other receivables	975 838	189 370	263 280	222 762	300 426
	5 943 447	**3 367 809**	**1 042 348**	**682 594**	**850 696**
COMPANY					
Amounts owed by related parties	50 122 677	47 597 221	-	-	2 525 456

The analysis of receivables as at 31 March 2017 is as follows:

	Total US$	Neither past due nor impaired US$	Past due but not impaired 30-45 days US$	Past due but not impaired 46-60 days US$	Past due but not impaired 61 days + US$
GROUP					
Trade receivables	3 813 732	2 790 929	920 883	101 920	-
Receivables for disposed assets	1 054 855	-	-	-	1 054 855
Value added tax	453 721	44 833	-	30 569	378 319
Other receivables	589 312	11 343	10 155	134 062	433 752
	5 911 620	**2 847 105**	**931 038**	**266 551**	**1 866 926**
COMPANY					
Amounts owed by related parties	2 341 107	-	174 739	-	2 166 368

Terms and conditions relating to receivables:

Trade receivables are non-interest bearing and are generally on 30 day credit terms. Amounts owed by related parties are non-interest bearing and are on terms in excess of 30 days.

Impairment

The above trade and other receivables are net of allowance for credit losses of US$3 880 002 (2017: US$ 3 748 933). As at 31 March 2018, the Group did not hold any security on trade and other receivables.

Reconciliation of the allowance for credit losses	GROUP 2018 US$	GROUP 2017 US$	COMPANY 2018 US$	COMPANY 2017 US$
Opening balance as at 1 April	3 748 933	3 614 942	-	-
Charge	131 069	133 991	-	-
Charge for the year	131 069	133 991	-	-
Closing balance as at 31 March	**3 880 002**	**3 748 933**	**-**	**-**

15 NOTES TO THE STATEMENTS OF CASH FLOWS

		GROUP		COMPANY	
		2018 US$	2017 US$	2018 US$	2017 US$
15.1	**Cash used in operations**				
	(Loss)/ profit before tax	(3 227 531)	(5 674 989)	686 992	614 345
	Depreciation	939 643	906 399	-	-
	Valuation gain on investment property	(72 000)	-	-	-
	Allowance for credit losses (Note 14)	131 069	133 991	-	-
	Interest on payables included in finance costs	(317 961)	-	-	-
	Renegotiated long term loan adjustment	(990 172)	-	-	-
	Other non-cash loan movements	185 338	-	-	-
	Loss on loan restructuring	-	3 962 285	-	-
	Profit on disposal of property, plant and equipment	(28 225)	(10 300)	-	-
	Dividends received from associate	-	-	(684 845)	(612 835)
	Share of profit of an associate	(823 778)	(897 267)	-	-
		(4 203 617)	**(1 579 881)**	**2 147**	**1 510**
15.2	**Net finance cost**				
	Finance income	(2 147)	(1 510)	(2 147)	(1 510)
	Finance cost	6 243 635	2 599 589	-	-
		6 241 488	**2 598 079**	(2 147)	**(1 510)**
15.3	**Working capital changes**				
	Decrease / (Increase) in inventories	2 545 757	(3 263 645)	-	-
	Increase in accounts receivable	(144 352)	(2 829 305)	(586 420)	(440 090)
	(Decrease) / Increase in accounts payable	(4 164 236)	6 057 761	-	-
		(1 762 830)	**(35 189)**	**(586 420)**	**(440 090)**
	Cash generated /(used) in operations	**275 041**	**983 009**	**(586 420)**	**(440 090)**
15.4	**Cash and cash equivalents**				
	For the purpose of the statements of cash flows,				
	Cash and cash equivalents comprise the following at 31 March:				
	Cash and bank balances	1 215 794	804 972	210 592	144 262
	Overdraft balances	(99 340)	(145 340)	-	-
		1 116 454	**659 632**	**210 592**	**144 262**

Cash at banks earn interest at floating rates based on daily bank deposit rates.
Bank overdrafts are interest bearing borrowings which accrue interest at market related rates.

16 LOANS AND BORROWINGS

16.1 Long term borrowings

	GROUP 2018 US$	GROUP 2017 US$
(a) National Social Security Authority (NSSA)	-	8 847 882
(b) Zimbabwe Asset Management Company (ZAMCO)	289 706	32 638 464
(c) PTA Bank	-	1 085 827
(d) Stanbic Loan Facility	666 588	590 532
(e) Intermarket Bank Zambia	836 881	742 689
(f) Zimbabwe Sugar Sales	11 508 559	10 438 602
(g) Con-current Creditors (inc DuPont Agricole)	7 404 214	7 700 499
(h) Banc ABC	968 111	-
	21 674 059	62 044 495
Less: current portion of long term loans	(2 004 515)	(998 401)
	19 669 544	**61 046 094**

16.2 Short term borrowings

	GROUP 2018 US$	GROUP 2017 US$
(a) National Social Security Authority (NSSA)	-	-
(b) Zimbabwe Asset Management Company (ZAMCO)	289 706	667 831
(c) PTA Bank	-	-
(d) Stanbic Loan Facility	76 057	-
(e) Intermarket Bank Zambia	94 192	-
(f) Zimbabwe Sugar Sales	1 134 955	330 570
(g) Con-current Creditors (inc DuPont Agricole)	376 047	-
(h) Banc ABC	33 558	-
	2 004 515	**998 401**
Total interest bearing borrowings	**21 674 059**	**62 044 495**

16.3 Changes in interest-bearing loans and borrowings arising from Financing activities

	GROUP 2018 US$	GROUP 2017 US$
Opening balance	**62 044 494**	**45 394 762**
New loans	1 000 000	-
Interest charged	5 925 675	2 181 212
Loans and interest paid	(1 060 497)	(206 977)
Loans (renegotiated) / restructured	(421 389)	3 962 285
Conversion of liability to equity	(45 430 782)	-
Secondary scheme creditors structured to long term	-	10 713 212
Other adjustments	(383 442)	-
Total interest bearing borrowings	**21 674 059**	**62 044 495**

16.4 Loan Summary

a) National Social Security Authority Scheme

NSSA advanced a loan to the company in May 2013 for the upgrade of the primary plant at Goldstar Sugars Harare Refinery. The initial amount was $ 6 287 715 which was to be settled over three years from the date of completion of the plant. The loan was renegotiated under the Secondary Scheme of Arrangement and the revised agreed terms increased the value to $ 10 million, with a five year tenure. The other terms included 2.5% facility establishment fees, interest at 10% per annum payable quarterly and an option for NSSA to convert the loan into ordinary shares at its own discretion at a conversion price of $ 0.0075 per share. The conversion price would be adjusted by any interest accrued or paid up to the date of conversion. The loan was secured by the Goldstar Sugars Harare plant with a carrying amount of $ 9.7 million as at 31 March 2017.

16 LOANS AND BORROWINGS (CONTINUED)

16.4 Loan Summary (continued)

a) National Social Security Authority Scheme (continued)

NSSA exercised its option to convert its debt which stood at $11 453 094 as at 22 March 2018 into 1 366 666 667 shares at an adjusted exercise price of $ 0.0084 per share. The conversion effectively expunged the company's indebtedness to NSSA.

The Secondary Scheme provided for a new loan for $1.5 million for the refurbishment of the secondary plant at Goldstar Sugars Harare but the amount had not been drawn down as at year end as the company was still working on the fulfilment of conditions precedent for the loan.

b) ZAMCO Scheme

ZAMCO assumed debt owed to seven financial institutions by the Group as part of the Secondary Scheme of Arrangement. The Scheme approved takeover of principal debt amounting to $ 32 583 595 but ZAMCO managed to finalise principal amounts relating to five institutions whose amounts totalled $ 31 970 633.The consolidated loan had a tenure of eight years and attracted interest at the rate of 7% per annum payable quarterly. The loan also provided for issuance of redeemable, cumulative and convertible preference shares at a price of $ 0.0125 per share. The preference shares were convertible to ordinary shares at fair value.

ZAMCO elected to exercise its option to convert the cumulative debt as of 22 March 2018 which totalled $ 34 503 561 into 2 760 284 842 ordinary shares at a price of $ 0.0125 per share. The conversion also made ZAMCO a controlling shareholder with 58% shareholding. ZAMCO had, prior to the conversion, sought a waiver from Zimbabwe Stock Exchange on the requirement to offer to buy out minority shareholders as its shareholding had reached the 35% call threshold. The waiver gave ZAMCO 12 months from date of conversion to have reduced its shareholding to 35% but with a proviso for an obligation to reduce its shareholding earlier than 12 months in the event that the Starafrica share price reaches $0.03 per share.

c) PTA Bank (now called Trade & Development Bank) loan

The amount related to balance from a loan that was used to purchase trucks for Bluestar Logistics which was disposed of in 2016. Starafrica retained the obligation to pay PTA and the amount was being settled largely from the payments received from the purchaser of the business. The loan had an interest rate of 7.5% per annum and was being managed separate from the Scheme of Arrangement and was secured against the Group's property. Negotiations were held which resulted in an agreed final figure of $508 000 which was settled in full in March 2018. The total amounts paid in the year were $ 808 000. The PTA Bank loan was secured against property valued at $ 8.3 million made up of $ 1.9 million in investment property and $ 6.4 million in property classified as property, plant and equipment.

d) Stanbic Loan Facility (Zambia)

The loan bears interest at 10% per annum and is secured over property. The loan is being managed separate from the Scheme of Arrangement. Stanbic Bank loan is secured against investment property valued at $ 700 000.

e) Intermarket Bank Zambia

This loan relates to Red Star Zambia, is unsecured and bears interest at 15% per annum. The amount is being managed separate from the Scheme of Arrangement.

f) Zimbabwe Sugar Sales (ZSS)

ZSS was owed $ 11 333 808 for raw sugar supplied in the past and this amount was converted into a five year loan which will be repaid at the end of five years. The loan has an interest rate of 7% per annum which is payable half yearly and ZSS has the option to convert the loan into ordinary shares at a conversion price of $ 0.0125 at its discretion within the loan tenure. The arrangement is a compound financial instrument in which the present value of the liability was $ 10 021 058 while the equity amounted to $ 1 312 750.

The amount has increased due to the accumulation of current interest which the company is arranging to settle. The amount is partly secured by a bank guarantee worth $ 4 million from ZB Bank. ZB Bank guarantee is in turn secured against property valued at $ 6 265 000 made up of $ 2 145 000 in investment property and $ 4 120 000 in property classified as property, plant and equipment.

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Power of Partnerships

16 LOANS AND BORROWINGS (CONTINUED)

16.4 Loan Summary (continued)

g) Concurrent Creditors

The Scheme provided for the conversion of amounts owed to concurrent creditors amounting to $ 9 171 160 into a five year loan. The amount includes DuPont Agricole which accounts for more than half of the total amount. The loan is to be paid at the end of five years and attracts interest at 7% per annum. The interest is payable quarterly but the interest for the first two quarters was capitalised. Concurrent creditors have an option to convert their debt to equity at a conversion price of $ 0.0125.

Some of the concurrent creditors with a cumulative debt of $810 247 chose to convert amounts owed to them to 64 819 724 shares at a price of $0.0125 between September 2017 and the year end. Conversions have continued after year end as the Group continues to persuade the creditors to convert.

h) BancABC Loan

The Group received $ 1 million for working capital from BancABC in April 2017 in line with the Secondary Scheme of Arrangement. The loan attracts interest at 9% per annum payable quarterly but there was a six month moratorium on the repayment of both interest and principal. The principal amount together with the interest will be repaid over five years counted from the expiry of the moratorium. The company settled the two instalments that fell due within the financial year.

i) Equity Components of Compound Financial Instruments

Lender	Note	Balance as at 1 April 2017	Transfer out after conversion	Balance as at 31 March 2018
National Social Security Authority	16.3(a)	$ 1 617 920	$ 1 617 920	-
Zimbabwe Sugar Sales	16.3(f)	$ 1 312 750	-	$ 1 312 750
Con-current creditors	16.3(g)	$1 759 909	$ 146 449	$ 1 613 459
TOTAL		**$ 4 690 579**	**$ 1 764 369**	**$ 2 926 209**

16.5 Borrowing powers

In terms of the company's Articles of Association, at any one time, the amount owing in respect of monies borrowed or secured by the directors, taken together with the aggregate of all similar borrowings of its subsidiary companies (but excluding inter-company) shall not without the sanction of the company in General Meeting, by ordinary resolution, exceed an amount twice the consolidated shareholders' equity. There are no borrowings available for utilisation as follows:

	GROUP	
	2018 US$	2017 US$
Authorised borrowings per Articles of Association	-	-
Total borrowings	21 773 399	62 189 835
-Loans and borrowings (Note 16.1)	21 674 059	62 044 495
-Bank overdraft	99 340	145 340
Excess over borrowing limit	**(19 620 654)**	**(62 189 835)**

The borrowings exceed the limits as per the articles of association by $19 620 654 as at 31 March 2018, but this was waived through an extra-ordinary general meeting which was part of the Secondary Scheme meetings.

17 COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio consisting of the Group's surplus offices, residential, and industrial properties. The non-cancellable leases have terms of one year renewable.

	GROUP	
	2018 US$	2017 US$
Within one year	401 551	305 084
Capital expenditure commitments		
Authorised but not contracted for	1 195 666	1 500 000
Total	**1 195 666**	**1 500 000**

Contingencies

The company has no contingent liabilities (2017: nil).

18 DEFERRED TAX

	2018 US$	2017 US$
Opening balance at 1 April	**1 826 921**	**1 798 723**
Charge to profit and loss	387 977	17 648
Tax on revaluation of property and plant	11270	10 520
Opening balance adjustment	-	30
Closing balance at 31 March	**2 226 168**	**1 826 921**

18.1 Analysis of deferred taxation

	2018 US$	2017 US$
Property, plant and equipment	5 597 402	5 868 718
Investment property	1 234 956	1 195 774
Estimated tax loss	(4 606 190)	(5 237 571)
Net liability at 31 March	**2 226 168**	**1 826 921**

The Group has tax losses which arose in one subsidiary of $15 393 700 (2017:$20 844 225) that are available for offset against future taxable profits of the subsidiary.

Year of Loss	Tax Losses US$	Expiry Date
March 2016	11 077 740	March 2021
March 2015	2 685 692	March 2020
March 2014	1 630 268	March 2019
	15 393 700	

19 PAYABLES

Trade and Other Payables	GROUP		COMPANY	
	2018 US$	2017 US$	2018 US$	2017 US$
Trade payables	4 584 487	4 748 206	-	-
Other payables	10 724 667	14 725 184	165 265	165 265
	15 309 154	**19 473 390**	**165 265**	**165 265**

Trade payables are non-interest bearing and are normally settled on 30 day terms. ZB Bank Limited guaranteed a major trade creditor for $4 million and a portion of that creditor is secured against property valued at $ 6.3 million made up of $ 2.2 million in investment property and $ 4.1 million in property classified as property, plant and equipment.

Other payables consist of statutory creditors most of which are legacy creditors which the company is negotiating to restructure into longer terms as was envisaged in the Secondary scheme of arrangement with creditors. The other significant amounts are salary and wage outstanding payments, outstanding amounts from prior year restructuring costs, balance from the plant upgrade which are being slowly settled in light of current foreign exchange constraints and to a lesser extent leave pay and audit fees accruals.

starafricacorporation limited
Power of Partnerships

20 SEGMENT INFORMATION

For management purposes, the group is organised into business units based on their products and services, and has two reportable operating segments as follows:

* The food segment is a manufacturer of sugar products namely:
  - i. Purified sugar for household and industrial consumption produced at Goldstar Sugars Harare Refinery, and
  - ii. Sugar specialties produced at Country Choice Foods comprising of icing sugar, castor sugar, syrups and caramel.
* The property segment manages offices, manufacturing and residential premises on behalf of the Group.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices for all transactions between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

31-Mar-18	Food	Properties	Adjustments & eliminations	Consolidated
Revenue				
External customer	47 678 520	421 600	-	48 100 920
Purified sugar	44 400 418	-	-	44 400 418
Sugar specialties	3 278 102	-	-	3 278 102
Rentals	-	421 600	-	421 600
Inter-segment	1 579 554	167 460	(1 747 014)	-
Total revenue	**49 258 074**	**589 060**	**(1 747 014)**	**48 100 920**
Revenue from one customer amounted to $9.4 million (2017: $6.6 million), arising from sales in the Purified sugar segment.				
Results				
Depreciation	(728 730)	(210 913)	-	(939 643)
Finance income	2 147	-	-	2 147
Finance cost	(6 243 635)	-	-	(6 243 635)
Segment (loss) before tax	**(3 224 696)**	**(7 838)**	**138 933**	**(3 093 601)**
Income tax	(347 132)	(70 539)	(136 969)	(554 640)
Assets and liabilities				
Capital expenditure	391 955	-	-	391 955
Operating assets	124 039 199	28 562 986	(111 035 682)	41 566 503
Operating liabilities	133 330 745	3 438 819	(96 298 109)	40 471 455

31-Mar-17	Food	Properties	Adjustments & eliminations	Consolidated
External customer	32 302 503	331 366	-	32 633 869
Purified sugar	29 623 576	-	-	29 623 576
Sugar specialties	2 678 927	-	-	2 678 927
Rentals	-	331 366	-	331 366
Inter-segment	1 153 637	167 460	(1 321 097)	-
Total revenue	**33 456 140**	**498 826**	**(1321 097)**	**32 633 869**
Results				
Depreciation	(695 913)	(210 486)	-	(906 399)
Finance income	1 535	-	-	1 535
Loss on de-recognition of liability	(3 962 285	-	-	(3 962 285)
Finance cost	(3 928 643)	-	-	(3 928 643)
Segment (loss)/profit before tax	**(5 981 947)**	**22 526**	**284 432**	**(5 674 989)**
Income tax	-	(62 302)	(122 567)	(184 869)
Assets and liabilities				
Capital expenditure	432 392	1 541	-	433 933
Operating assets	72 882 079	28 016 491	(57 347 755)	43 550 815
Operating liabilities	124 579 698	3 036 426	(42 375 387)	85 240 737

1. Operating assets do not include the investment in associate and subsidiaries.
2. Operating liabilities do not include deferred tax as this is managed at group level.

20 SEGMENT INFORMATION

	GROUP 2018 US$	GROUP 2017 US$
Reconciliation of assets		
Segment operating assets	38 948 075	41 320 016
Investment in associates	2 618 427	2 230 799
Group operating assets	41 566 502	43 550 815
Reconciliation of liabilities		
Segment operating liabilities	38 263 963	82 758 957
Deferred tax liabilities	2 226 168	1 826 921
Group operating liabilities	40 490 131	84 585 878

Geographic information

The Group does not generate any revenue from outside the country and does not have any non-current assets outside Zimbabwe apart from its investment in the Botswana associate.

21 PENSION AND RETIREMENT BENEFITS STARAFRICACORPORATION LIMITED

21.1 Pension Fund

Retirement benefits are provided for eligible employees through an independently administered defined contribution plan, including the National Social Security Authority (NSSA).

21.2 Pension cost charged to the profit or loss during the year

	2018 US$	2017 US$
Group pension scheme - defined contribution plan	-	-
National Social Security- Defined contribution plan	88 474	76 517
	88 474	76 517

22 RELATED PARTY DISCLOSURES

Parent Company

The Company does not have a parent as none of its shareholders control the Company

Transactions with other related parties

Compensation of key management personnel of the Group

	2018 US$	2017 US$
Short term employee benefits	912 735	712 959
Post-employment pension and medical benefits	1 470	784
Total compensation paid to key management personnel	914 205	713 743

	GROUP 2018 US$	GROUP 2017 US$	COMPANY 2018 US$	COMPANY 2017 US$
National Social Security Authority (NSSA) (entity with significant influence over the group)	-	8 847 882	-	-
Star Africa Operations (Private) Limited (Subsidiary)	-	-	50 122 677	2 341 106
	-	8 847 882	50 122 677	2 341 106

22 RELATED PARTY DISCLOSURES

The old loan from NSSA which was for the upgrade of the primary plant was converted to equity as more fully described under Note 16.3. The Secondary Scheme provided for NSSA to extend a fresh loan of $1.5 million for refurbishment of the secondary plant which had not been received as at year end.

The movement in amounts regarding the Star Africa Operations (Pvt) Ltd relates to the Group's shares which are housed in the holding company which were issued in lieu of Secondary Scheme debts across subsidiaries. No interest is charged on the intercompany loans.

23 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise bank loans and overdrafts, trade payables and other loans. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has trade and other receivables and cash and short term deposits, which arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.
The Group's senior management oversees the management of these risks. The Group's senior management is supported by the Audit and Risk committee that advises on the financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

23.1 Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures. Such exposure arises from services and licences offered to the Group by providers outside Zimbabwe and are billed in currencies other than the Group's functional currency. The exposure is managed through continuously seeking for foreign currency to pay outstanding balances and commitments. Because of investments in Botswana, the group's Statement of financial Position can be affected significantly by movements in the US$/ Pula exchange rates respectively.

The Group has a 33.3% investment in Tongaat Hulett Botswana whose primary trading currency is the Pula. The value of the company's share in net assets is susceptible to changes in the exchange rates between the Botswana Pula (BWP) and the United States Dollar which is the Group's reporting currency. The changes are reported under Other Comprehensive Income (OCI) and Noncurrent Assets.

The tables below demonstrate the sensitivity to a reasonably possible change in the USD and BWP exchange rates with all other components held constant. The sensitivity is based on the Group's share of THB's net assets as at 31 March:

Year	Change in BWP rate	Effect on OCI	Effect on Noncurrent Assets
2018	+5%	$ 130 921	$ 130 921
2018	-5%	($ 124 687)	($ 124 687)

Year	Change in BWP rate	Effect on OCI	Effect on Noncurrent Assets
2017	+5%	$ 111 540	$ 111 540
2017	-5%	($ 106 229)	($ 106 229)

23.2 Credit risk

The Group's financial assets which are subject to credit risk are mainly debtors and cash resources. It is the Group's policy to only trade with recognized and credit worthy third parties. About 80% of the business is on a credit basis and the customers are subject to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Debtors which are not impaired are those still within their settlement terms or those with an alternative settlement plan that is being adhered to.

The Group does not take collateral for the amounts extended to customers but does make use of guarantees by the directors of the entities. Cash resources are placed with various approved financial institutions. The financial institutions are of a high credit standing.

The Group's maximum exposure to credit risk is equal to the carrying amount of the financial assets in the statement of financial position.

23.3 Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2018 based on contractual undiscounted payments

	Less than 4 months US$	4 to 12 months US$	More than 12 months US$	Total US$
2018				
Bank overdraft	14 000	85 340	-	99 340
Loans and borrowings long term	-	-	19 669 544	19 669 544
Loans and borrowings short term	-	2 004 515	-	2 004 515
Trade and other payables	382 729	14 926 425	-	15 309 154
Future interest payable on borrowings	-	1 623 334	8 116 668	9 740 002
	396 729	**18 639 614**	**27 786 212**	**46 822 555**
2017				
Bank overdraft	9 000	136 340	-	145 340
Loans and borrowings long term	-	-	61 046 093	61 046 093
Loans and borrowings short term	-	998 401	-	998 401
Trade and other payables	-	19 473 390	-	19 473 390
Future interest payable on borrowings	-	5 534 939	22 225 061	27 760 000
	9 000	**26 143 070**	**83 271 154**	**109 423 224**

23.4 Interest Risk

This is the rate that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Group manages its interest cost and risk by using fixed rate debts, hence no sensitivity analysis is provided

23.5 Capital Management

Capital includes equity attributable to the equity holders of the parent.
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. In an effort to manage the Group capital structure, the Group entered into a scheme of arrangement with its lenders and creditors which restructured the debt, interest rates and repayment terms.

No changes were made in the objectives, policies or processes during the year ended 31 March 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 40% and 60%.The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent.

23.5 **Capital Management (continued)**

The Group has exceeded the gearing ratio target. To return to the target ratio, the Group is working on a turnaround programme to return to profitability. Refer Note 24.

	2018 US$	2017 US$
Loans and Borrowings-long term (Note 16.1)	19 669 544	61 046 094
Loans and Borrowings-short term (Note 16.2)	2 004 515	998 401
Trade and other payables (Note 19)	15 309 154	19 473 390
Bank overdraft (Note 15.4)	99 340	145 340
Less: cash and short term deposits (Note 15.4)	(1 215 794)	(804 972)
Net debt	35 866 759	80 858 253
Equity	(532 300)	(42 643 733)
Capital and net debt	35 334 459	38 214 520
Gearing ratio	102%	213%

23.6 **Fair values of financial instruments**

Fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts. In terms of IFRS 13 the fair value of a liability reflects the effect of non-performance risk. Non- performance risk includes, but is not limited to, the group's own credit risk and settlement risk. The group's credit and settlement risk was assessed as high as is evidenced by the scheme of arrangement explained in Note 16. Management could not determine the adjustment required to the estimated market related interest rate above for non-performance risk. Management could not reliably determine the Group's credit spread as there are no quoted prices for corporate bonds of similar credit quality to the Group's loans and borrowings. The fair value of the Company's noncurrent liabilities approximate their carrying amounts as the interest rates payable on the Secondary Scheme debts are not materially different from those obtaining in the market for long term debt.

24 **GOING CONCERN**

The Group's performance in the year under review has reduced the Loss after tax from $ 5.9 million in 2017 to $ 3.8 million in 2018. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased from the $ 1.6 million achieved in 2017 to $ 3.1 million in 2018. The state of the balance sheet has improved following the conversion of $ 46.8 million worth of debt into equity as was provided for under the Secondary Scheme of Arrangement with creditors which came into effect on 3 February 2017. The conversion represents 70% of the legacy debt which had the conversion option and resulted in the reversal from a net liability position of $ 41 million in 2017 to a net asset position of $ 1 million in the year under review. The net current liability position reduced from $8.9 million in 2017 to $ 7.9 million in 2018 and work is in progress to restructure legacy statutory debts which form part of the current liabilities into long term.

These conditions give rise to a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge of its liabilities in the normal course of business.

The Group's circumstances have significantly improved and management continues to work on several deliverables whose key focus is the return of the Group to full profitability and solvency within the next twelve to eighteen months. The key deliverables are indicated below:

Secondary Scheme

The implementation of the scheme has progressed to a stage where 70% of the convertible debt has been converted to equity. This has not only halved the interest burden going forward but has also improved the balance sheet structure by reducing the net liability position. The company anticipates further conversions by some of the remaining creditors while others are expected to accede to some further restructuring of the repayment terms.

Working capital financing of $1 million was received earlier in the year and it contributed to the increase in both the production and sales volumes achieved in the year.

The $1.5 million financing earmarked for the refurbishment of the plant is expected in the coming year as the company has progressed in meeting key conditions which had delayed its disbursement. The company has in the meantime been executing components of the work using internal resources which aided to the results achieved in 2018.

24 GOING CONCERN (CONTINUED)

Plant capacity enhancements

The refurbishment of the secondary plant, though slowed down by the funding which is still to be disbursed, has been taking place using some internal resources thus the company was able to meet the demand during the year under review. The process will be accelerated once the funds are availed in the course of the 2019 financial year.

The Reverse Osmosis (RO) water treatment plant was commissioned during the year under review and has assisted in the improvement of the quality of the sugar produced. The improvement in quality affords the company the opportunity to sell to customers with the strictest of quality standards within and beyond Zimbabwe thereby increasing revenue and profitability. The RO plant provides added cost reductions in ways that include elimination of water softening costs, improved boiler efficiencies and boiler life and more importantly allows the plant to run even in the instance of outage of municipal water.

The plant was re-certified by The Coca Cola Company (TCCC) as well as under the Food Safety Certification (FSCC 22000) system which allows the company to sell product to TCCC affiliated entities within the Southern Africa region.

Markets and Products Development

Efforts are ongoing to develop the exports market and the expectation is that the ground work covered in the year under review will start yielding results in the ensuing year. The company managed to send samples to Botswana where it is confident that sales of not less than 6 000 tonnes will be achieved in the coming year .There is also advanced exploratory work for the Central African market from which the company also expects some pickings in the year.

The local market has continued to grow as almost all the growth in volumes registered during the year under review was from local sales, especially in the manufacturing sector.

Vitamin A fortification started in July 2017 and has progressed well notwithstanding the challenges related to the importation of the Vitamin A. The health benefits from fortification endear our product to customers thereby defending and increasing the company's market share in the table sugar market.

Work on new products has progressed following the launch of honey in various pack sizes and more products will be launched within the first half of the coming financial year. The company's established production capacity of at least 150 000 tonnes per annum will remain sufficient to meet local and export market requirements in the short and medium term.

Management is of the firm belief that the combination of the ongoing balance sheet restructuring, continuous improvements that have resulted in improved output, marketing initiatives and the anticipated improvement in the wider economy following developments in the political environment will lead to the achievement of the forecast volumes for the ensuing year and beyond.

The financial statements are prepared on the basis that the Group will continue to be a going concern. This basis of preparation is on the assumption that the forecast production and sales will be achieved, the company will return to profitability and will therefore realise its assets and discharge its liabilities in the ordinary course of business.

25 EVENTS AFTER REPORTING DATE

There were no material events after reporting date.

Shareholder Information

starafricacorporation limited
Power of Partnerships

SHAREHOLDER ANALYSIS

	Number of Share holders	Number of shares	% of Shares
2018			
Major Shareholder - non resident	1	35 398 500	0.75
Other - non resident	142	21 123 499	0.45
Total external shareholders	**143**	**56 521 999**	**1.20**
Nominee Companies	56	17 146 338	0.36
Companies	258	2 847 383 918	60.45
Insurance Companies	13	100 599 329	2.14
Pension and Benefit Funds	61	1 540 196 104	32.70
Other	2 743	148 393 365	3.15
Total Local Shareholders	**3 131**	**4 653 718 354**	**98.80**
TOTAL	**3 274**	**4 710 240 353**	**100.00**
2017			
Major Shareholder - non resident	1	30 266 971	5.84
Other - non resident	134	17 343 694	3.35
Total external shareholders	**135**	**47 610 665**	**9.19**
Nominee Companies	42	2 636 353	0.51
Companies	243	70 997 903	13.69
Insurance Companies	14	90 058 784	17.37
Pension and Benefit Funds	37	144 266 149	27.83
Other	2 786	162 899 266	31.41
Total Local Shareholders	**3 122**	**470 848 455**	**90.81**
TOTAL	**3 257**	**518 469 120**	**100.00**

Significant Shareholders		
ZIMBABWE ASSET MANAGEMENT CORPORATION (PVT) LTD	2 760 284 842	58.60
NATIONAL SOCIAL SECURITY AUTHORITY	1 491 505 021	31.67
OLD MUTUAL LIFE ASSURANCE COMPANY	55 676 501	1.18
TURNER, ROY	37 433 567	0.79
ZSR INVESTMENTS (UK) LIMITED	35 398 500	0.75
NATIONAL RAILWAYS OF ZIMBABWE	30 742 619	0.65
JS MUTIZWA FAMILY TRUST	26 765 847	0.57
MASAWI, ROSIAN TENDAI	17 819 985	0.38
HOMEGUARD SERVICES (PVT) LTD	16 884 824	0.36
OLD MUTUAL ZIMBABWE LIMITED	12 782 940	0.27

Directors Shareholding	Number of Shares	
Name of Director	Direct	Indirect
J. S. MUTIZWA	-	30 832 308
R.V. MUTYIRI	-	-
R.J. MBIRE	-	-
A.J. MUSEMBURI	-	-
M. SIBANDA	-	-
V. NYEMBA	-	-
B. L. NKOMO	-	-
J. M. CHIKURA	-	-
K.M. CHIPANGURA	-	-

Proxy Form

I / We ....

(please print) being a member of starafricacorporation limited, hereby appoint the Chairman of the Company, or failing him, the chairman of the meeting, or failing him .... of ....

as my/ our proxy to vote for me/us and on my/our behalf at the annual General meeting to be held at the Head Office starafricacorporation limited, stand number 49 Douglas Road, Workington Harare on .... at...and at any adjournment thereof.

Signed this ....day of 2018

Signature

Notes

In terms of section 129 of the Companies Act (Chapter 24.03) as amended any member entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy, who need not be a member, to attend and speak and, on a poll, vote in his stead. Proxies must be lodged with the secretary at the company's registered office at least 48 hours before the meeting.