CFI HOLDINGS LIMITED

Abridged Audited Report To Shareholders For The Year Ended 30 September 2019

RETAIL DIVISION — FARMING DIVISION — MILLING DIVISION — PROPERTIES DIVISION

CHAIRPERSON'S REPORT

The period under review witnessed Government undertaking a number of critical fiscal and economic reforms aimed at stabilising the economy in the long term. In October 2018, Government mandated the separation of local bank accounts into domestic and nostro accounts, and also introduced a 2% intermediary tax on all transactions. Thereafter in February 2019, the Government introduced the interbank rate, and in June 2019, the multi-currency system was abolished with the establishment of the Zimbabwean dollar (ZWL) as the sole legal tender. These policies had a significant impact on the country's trading environment, including imposing pervasive technical difficulties on financial reporting in the market.

Inflation rose sharply during the year, with month-on-month and year-on-year inflation increasing to 13.8% and 121.4% respectively. The Public Auditors and Accountants Board issued a directive compelling all entities reporting on financial periods ending on or after 1 July 2019 to apply requirements of IAS 29 'Financial Reporting in Hyper-inflationary economies'. Accordingly, your Board has presented hyperinflation adjusted financial statements in this abridged report.

Notwithstanding the constrained business environment, your Board is pleased to advise that Crest Poultry Group exited judicial management shortly after the reporting period, in January 2020. The Board equally looks forward to the imminent exit of Victoria Foods from judicial management before the close of the FY2020 financial year. The Group raised a $42.5 million loan to fund the payment of Crest Poultry Group's scheme creditors and moderate working capital funding required to re-launch the businesses now under the Group's control. Disregarding financing costs associated with the cost of taking entities out of judicial management, the businesses under the Board's control in FY2019 were profitable in historical and restated terms.

The Company is in discussions with management at the Zimbabwe Stock Exchange (ZSE) and is hopeful that issues raised by the ZSE will be resolved to enable the lifting of the suspension placed on trading the Company's shares.

OVERVIEW OF THE GROUP'S OPERATIONS AND PERFORMANCE (INFLATION-ADJUSTED)

Group inflation-adjusted turnover for the year increased by 25.2%, from $277.9million in the previous period, to $347.8million, with the Retail Operations contributing 98.0% (2018- 95.0%) and farming operations contributing 2.0% (2018 –5.0%) to the total turnover.

The Group operating profit improved by 141.3%, from $20.2 million in the prior period to $43.2 million. The improvement was a result of the increased merchandise volumes in retail and enhanced cost-containment efforts. The Group incurred financing mark-to-market costs of $38.9million arising from the loan raised to finance the exit of entities from judicial management. The Group recorded a profit before tax of $44.4 million against a profit before tax of $18.4million in the prior year.

Entities under judicial management posted a profit before tax of $144.0million against losses of $4.1 million incurred in the prior year. This improvement is mainly attributable to monetary gains of $171.9 million during the year.

The Group invested $5.4 million (2018 – $7.0 million) in replacement capital expenditure, driven mainly by the branch refurbishments and fleet renewal in CFI Retail. Cash utilised in operations increased due to increase in stock holdings in the Retail merchandise in preparation of the 2019/20 farming season. The Group raised borrowings of $42.5 million during the period to fund repayment of legacy creditor debts for the entities that have been under judicial management since 2016.

RETAIL DIVISION

FARM & CITY

Turnover increased by 200% relative to the comparable prior period. Demand remained relatively firm throughout the year, with the first half benefitting from panic induced consumer demand as customers were in a rush to convert monetary balances to commodities and goods. In the second half of the year, the Group ran the second edition of the Golden Leaf promotion, which performed reasonably well.

Farm & City refurbished the Chinhoyi branch and started trading in December 2018.

GLENARA ESTATES

The Estate harvested 1 102 tons of soya and 101 tonnes of maize in the 2018/9 season. Table potato production has continued and performed reasonably well during the period. Although yields were negatively affected by the poor agricultural season for cereals, the farm operated profitably during the season.

PROPERTY DEVELOPMENT

SATURDAY RETREAT

Collections for stand purchases continued from residents during the period. The Group is now seized with finalising layout plans regularization and development preliminaries to give impetus to the development stage of the project.

SUNCREST PARK (FORMERLY MAITLANDS ZIMBABWE)

Crest Breeders continued to recover land compensation dues in respect of stand purchases during the period. The Group progressed town planning processes during the period.

LANGFORD ESTATES

Legal proceedings to reverse the illegal Langford Estates transaction are underway, and the market will be updated with progress in due course.

UPDATE ON ENTITIES UNDER JUDICIAL MANAGEMENT

MILLING OPERATIONS

AGRIFOODS & VICTORIA FOODS

The Crest Poultry Group scheme of arrangement was approved by creditors in May 2019. The payments of amounts owed to scheme creditors were fully resolved shortly after year-end. Resolution of scheme's foreign creditors is however still underway. The Board anticipates resolution of the same before end of 1st quarter for FY2020. In the meantime, Agrifoods has made commendable progress in reclaiming market share.

The Group commenced settling all local legacy debts for Victoria Foods, pending resolution of the payment of the foreign debts. During the year, Victoria Foods continued with flour toll milling arrangements under the Judicial Manager's control, with other Strategic Business Units (SBUs) all remaining under care and maintenance.

POULTRY DIVISION

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

RECAPITALISATION UPDATE AND OUTLOOK

The economic and operational environments are likely to remain constrained in the medium term.

Your Group's focus will be on ensuring that Crest Poultry Group, which recently exited judicial management is adequately capitalized and strengthened and Victoria Foods' foreign creditors' obligations are resolved before the end of the financial year 2020. The local pre-judicial management obligations for Victoria Foods have been resolved. The Group looks forward to the unfolding prospects, which will see it play its role in underpinning the nation's food security requirements in the economy.

DIRECTORATE

There were no Board changes during the period.

ACKNOWLEDGEMENTS

On behalf of the Board and our Shareholders, I would like to extend my sincere appreciation to all our valued customers, suppliers, financiers, management and staff for their support and commitment in assisting the Group's recovery initiatives.

Ms. I.V. Pasi
ACTING GROUP CHAIRPERSON

DIVIDEND DECLARATION

Given the need to capitalize operations exiting judicial management in the outlook period, your Board did not declare a dividend for the year-ended 30 September 2019.

P. Hare
COMPANY SECRETARY
BY ORDER OF THE BOARD
31 January 2020

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

	Notes	INFLATION ADJUSTED Year to 30 Sept. 2019 ZWL$	INFLATION ADJUSTED Year to 30 Sept. 2018 ZWL$	HISTORICAL Year to 30 Sept. 2019 ZWL$	HISTORICAL Year to 30 Sept. 2018 ZWL$
Sales		347,184,373	277,729,483	176,822,323	61,264,307
Change in fair value of biological assets		575,151	120,622	575,151	26,608
Revenue		**347,759,524**	**277,850,105**	**177,397,474**	**61,290,915**
Operating income before depreciation, impairment and financing income (costs)		47,341,534	23,462,729	32,128,227	5,175,640
Depreciation expense	4.1	(4,166,286)	(3,298,946)	(939,848)	(727,714)
Share of profits (losses) from joint ventures		2,801,740	(97,697)	72,205	(21,551)
Finance costs		(41,745,720)	(1,656,658)	(41,933,643)	(365,442)
Monetary gain		40,195,878	-	-	-
Profit (loss) before tax	4.1	**44,427,147**	**18,409,428**	**(10,673,059)**	**4,060,933**
Income tax expense	4.2	(13,367,497)	(3,954,511)	(1,496,981)	(872,325)
Profit (loss) for the period		**31,059,650**	**14,454,917**	**(12,170,040)**	**3,188,608**
Other comprehensive income					
Gain on property revaluation		1,868,437	-	98,697,455	-
Gain on equity investment designated as at FVTOCI		318	-	12,234,770	-
Total other comprehensive income		**1,868,755**	**-**	**110,932,225**	**-**
Total comprehensive income		**32,928,405**	**14,454,917**	**98,762,185**	**3,188,608**
Profit (loss) attributable to:					
Equity holders of the parent		**31,059,650**	**14,454,917**	**(12,170,040)**	**3,188,608**
Total comprehensive income attributable to:					
Equity holders of the parent		**32,928,405**	**14,454,917**	**98,762,185**	**3,188,608**
Basic earnings (loss) per share (Cents)		28.72	13.53	(11.39)	3.00
Headline earnings (loss) per share (Cents)		28.72	13.53	(11.39)	3.00
Net asset value per share (Cents)		229.66	199.19	136.40	43.94
Shares in issue		106,820,875	106,820,875	106,820,875	106,820,875
Weighted shares in issue		106,820,875	106,362,542	106,820,875	106,362,542

ABRIDGED GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	INFLATION ADJUSTED Year to 30 Sept. 2019 ZWL$	INFLATION ADJUSTED Year to 30 Sept. 2018 ZWL$	HISTORICAL Year to 30 Sept. 2019 ZWL$	HISTORICAL Year to 30 Sept. 2018 ZWL$
Non-current assets					
Property, plant and equipment		155,842,496	154,403,133	155,842,714	34,059,765
Investments (unlisted)		18,401,000	18,400,665	18,401,000	4,059,000
Investments in joint ventures		(1,285,288)	(4,087,028)	(829,352)	(901,557)
Long term portion of loans receivable		-	4,312,750	-	951,349
Trade and other receivables		-	16,716,430	-	3,687,475
Total non-current assets		**172,958,208**	**189,745,950**	**173,414,362**	**41,856,032**
Current assets					
Inventories and biological assets	4.3	207,482,143	116,371,225	98,391,801	25,670,312
Trade and other receivables		29,326,236	24,163,949	29,320,573	5,330,322
Current portion of loans receivable		2,462,167	5,768,552	2,462,167	1,272,484
Cash and bank balances		4,805,730	3,482,545	4,805,730	768,214
Total current assets		**244,076,276**	**149,786,271**	**134,980,271**	**33,041,332**
TOTAL ASSETS		417,034,484	339,532,221	308,394,633	74,897,364
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent		245,709,439	212,781,034	145,699,516	46,937,338
Total equity		**245,709,439**	**212,781,034**	**145,699,516**	**46,937,338**
Non-current liabilities					
Deferred tax liabilities		29,872,261	29,042,197	21,240,307	6,406,414
Accruals and other payables		4,554,579	15,992,726	4,554,579	3,527,833
Long term borrowings	4.4	42,276,190	794,057	42,276,190	175,161
Total non-current liabilities		**76,703,030**	**45,828,980**	**68,071,076**	**10,109,408**
Current liabilities					
Trade payables		29,715,548	30,967,766	29,715,552	6,831,175
Accruals and other payables		14,106,727	39,884,064	14,106,727	8,798,020
Short term borrowings	4.4	42,276,190	4,593,298	42,276,190	1,013,235
Bank overdraft	4.4	200,034	1,275,834	200,034	281,436
Current tax liabilities		8,323,516	4,201,245	8,325,538	926,752
Total current liabilities		**94,622,015**	**80,922,207**	**94,624,041**	**17,850,618**
TOTAL EQUITY AND LIABILITIES		417,034,484	339,532,221	308,394,633	74,897,364

CFI HOLDINGS LIMITED

Abridged Audited Report To Shareholders For The Year Ended 30 September 2019

ABRIDGED GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

	INFLATION ADJUSTED Year to 30 Sept. 2019 ZWL$	INFLATION ADJUSTED YEAR TO 30 Sept. 2018 ZWL$	HISTORICAL Year to 30 Sept. 2019 ZWL$	HISTORICAL YEAR TO 30 Sept. 2018 ZWL$
CASH FLOWS FROM OPERATING ACTIVITIES				
CASH INFLOWS BEFORE WORKING CAPITAL CHANGES	89,332,956	23,352,942	31,821,908	5,151,422
Cash (utilised through) generated from working capital changes	(117,449,694)	5,471,593	(63,229,284)	1,206,978
CASH (UTILISED BY) GENERATED FROM OPERATIONS	(28,116,738)	28,824,535	(31,407,376)	6,358,400
Net interest paid	(2,963,220)	(1,656,658)	(3,151,143)	(365,442)
Income taxes paid	(8,714,211)	(2,918,557)	(3,705,810)	(643,804)
NET CASH (UTILISED IN) GENERATED FROM OPERATING ACTIVITIES	(40,178,705)	24,249,320	(38,264,329)	5,349,154
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,436,449)	(6,950,510)	(1,963,403)	(1,533,212)
Loan received from (advanced to) entity under judicial management	7,619,135	(10,081,302)	(238,334)	(2,223,833)
Proceeds from disposal of property, plant and equipment	12,479	18,917	3,500	4,173
NET CASH INFLOWS (OUTFLOWS) FROM INVESTING ACTIVITIES	2,195,165	(17,012,895)	(2,198,237)	(3,752,872)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of ordinary shares	-	58,480	-	12,900
Long term loans raised (repaid)	22,090,883	(879,796)	22,709,779	(194,074)
Net short term loan raised (repaid)	18,291,642	(9,776,755)	21,871,705	(2,156,653)
NET CASH INFLOWS FROM (OUTFLOWS TO) FINANCING ACTIVITIES	40,382,525	(10,598,071)	44,581,484	(2,337,827)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,398,985	(3,361,646)	4,118,918	(741,545)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,206,711	5,568,357	486,778	1,228,323
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,605,696	2,206,711	4,605,696	486,778
Cash and bank Balances	4,805,730	3,482,545	4,805,730	768,214
Bank overdraft	(200,034)	(1,275,834)	(200,034)	(281,436)

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

	CAPITAL RESERVES ZWL$	RETAINED PROFITS (LOSSES) ZWL$	TOTAL ZWL$
Balance at 30 September 2017	365,514,594	(167,242,028)	198,272,566
Issue of shares	58,479	-	58,479
Profit for the year	-	14,454,917	14,454,917
Other comprehensive losses for the year	(4,928)	-	(4,928)
Elimination of revaluation reserves - IAS29	(164,087,368)	164,087,368	-
Balance at 30 September 2018	201,480,777	11,300,257	212,781,034
Profit for the year	-	30,675,112	30,675,112
Other comprehensive income for the year	1,868,755	-	1,868,755
Balance at 30 September 2019	203,349,532	42,359,907	245,709,439

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

	CAPITAL RESERVES ZWL$	RETAINED LOSSES ZWL$	TOTAL ZWL$
Balance at 30 September 2017	80,628,812	(36,891,895)	43,736,917
Issue of shares	12,900	-	12,900
Revaluation decrease	(1,087)	-	(1,087)
Profit for the year	-	3,188,608	3,188,608
Balance at 30 September 2018	80,640,625	(33,703,287)	46,937,338
Loss for the year	-	(12,170,040)	(12,170,040)
Other comprehensive income for the year	110,932,218	-	110,932,218
Balance at 30 September 2019	191,572,843	(45,873,327)	145,699,516

NOTES TO THE ABRIDGED GROUP FINANCIAL STATEMENTS

1.0 General information

The principal activities of the Company, its subsidiaries and joint ventures (the Group) is the holding of investments, the letting of properties, the wholesaling and retailing of agro-inputs and general hardware commodities, the manufacture of stock feeds, the provision of animal health requisites, the operation of maize and wheat mills, poultry breeding, production, processing and selling, and the development and management of real estate.

2.0 **Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03), except for the non compliance with International Accounting Standard ("IAS") 21, The Effect of Changes in Foreign Exchange Rates explained in note 2.2.

The Group's financial statements have been prepared based on statutory records that are maintained under the historical cost basis and adjusted for the effects of applying IAS 29 'Financial Reporting in Hyperinflationary Economies' refer to note 2.3. The financial statements are presented in Zimbabwean Dollars (ZWL$). The principal accounting policies of the Group have been consistently applied in all material respects with those of the previous year unless otherwise stated except for the adoption of IFRS 9 Financial Instruments effective for the current period.

2.1 **Adoption of IFRS 9**

The Group retrospectively adopted IFRS 9 on 1 October 2018 as a replacement of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduced new Requirements which include the classification and measurement of financial instruments and expected credit losses (ECL) models. As permitted by IFRS 9, the Group elected not to restate its comparative financial statements. Consequently, comparative information is reported on an IAS 39 basis and is not fully comparable to current year information. Under IFRS 9 the provision has been calculated using the expected credit loss model compared to the incurred loss model under IAS 39.

2.2 **Functional and presentation currency**

These financial statements are presented in Zimbabwe Dollars (ZWL$) being the official reporting currency of the primary economic environment in which the Group operates.

The company operates in an economy in which in the prior years since February 2009, the primary reporting currency of the country was the United States Dollar (US$). On 1 October 2018, following persistent shortages of the US$, the Government directed the separation of the US$ denominated accounts from the electronic Real Time Gross Settlement (RTGS)$ accounts, but with the two categories at a parity rate of 1:1. That move led to ever-rising inflation in RTGS$ denominated balances.

On 20 February 2019, the Government through Statutory Instrument 33 (SI 33 of 2019) designated the RTGS$ the functional currency for all businesses operating in the country, and also introduced a formal interbank market for the RTGS against foreign currencies, to function on a willing buyer willing seller basis. For accounting purposes, the statutory instrument required local assets and liabilities denominated in US$ to be converted to ZWL$ at parity. The above events trigered the need for Directors to assess:

a) whether there was a change in the Group's functional currency as at 1 October 2018 and

b) the appropriateness of rates of exchange used from that date onwards in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates".

IAS 21 requires that transactions and balances denominated in foreign currency should be presented at market exchange rates. A market rate is one which is legal, observable and accessible.

From October 2018 to February 2019, the Group maintained a rate of US$1:ZWL$1 as prescribed by the Government. However from 20 February 2019, the Group utilised rates available from the Reserve Bank of Zimbabwe ("RBZ") Interbank market. The rate from the RBZ is the legal rate and management believes it is observable. However, the rate is not accessible to the market. In line with SI 33, the Group changed its functional and reporting currency with effect from 01 October 2018.

Consequently, the Group has not fully complied with the requirements of IAS 21. However, for expediency, the Group chose to comply with the law as the Government issued SI 41 of 2019 [Public Accountants and Auditors (Prescription of International Standards) Regulations] which directs entities to give precedence to the law over reporting standards in circumstances where there are inconsistencies between the two.

While the Group prepares its Financial Statements to comply with International Financial Reporting Standards, full compliance with certain International Financial Reporting Standards was not possible due to the above factors. For the avoidance of doubt, the Group did not fully comply with IAS 21 to the extent that is described above and, instead complied with the requirements of the law. In the light of this failure to fully comply with the requirements of IAS 21, the Group's Independent Auditors, Messrs Baker Tilly Chartered Accountants (Zimbabwe) have issued an adverse opinion on the financial statements for the year ended 30 September 2019.

2.3 **Hyperinflation**

The Public Accountants and Auditors Board issued pronouncement 01/2019 on the application of International Accounting Standard ("IAS") 29 'Financial Reporting in Hyperinflationary economies' in Zimbabwe. The pronouncement requires companies domiciled in Zimbabwe to prepare and present financial statements for financial periods ended on or after 1 July 2019 to apply requirements of IAS 29 'Financial Reporting in Hyperinflationary economies.

Appropriate adjustments and reclassifications, including restatements for changes in the general purchasing power of the Zimbabwe dollar and for the purposes of fair presentation in accordance with IAS 29 have been made in these financial statements to the historical cost financial information. Judgment has been used in the various assumptions used such as the consumer price indices for the various years due to limitation of data available. The sources of the price indices used were: Zimbabwe Statistical office from 2009 to June 2019, and trade economics from June 2019 to 30 September 2019.

	Indices	Conversion factor
CPI as at 30 September 2019	290.4	1.00
CPI as at 30 September 2018	64.06	4.53
CPI as at 30 September 2017	60.8	4.78
Average CPI 2019	161.7	
Average CPI 2018	63.6	
Average CPI 2017	60.8	

3.0 **Audit Statement**

These abridged financial results should be read in conjunction with the full set of inflation adjusted consolidated financial statements for the year ended 30 September 2019, which have been audited by Baker Tilly and an adverse opinion issued thereon. The basis for the adverse opinion pertains to non- compliance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates". The report also carries an emphasis of matter on the first time adoption of IFRS9, which the Group complied with. The effect of the adjustments made in respect of same were immaterial. The auditor's report on these inflation adjusted consolidated financial statements is available for inspection at the Group's registered office.

	INFLATION ADJUSTED Year to 30 Sept. 2019 ZWL$	INFLATION ADJUSTED Year to 30 Sept. 2018 ZWL$	HISTORICAL Year to 30 Sept. 2019 ZWL$	HISTORICAL Year to 30 Sept. 2018 ZWL$
4.0 Supplementary information				
4.1 Profit (loss) before tax				
Profit (loss) before tax is shown after charging (crediting) includes the following significant:				
Net leasing expenses	1,712,223	1,481,960	905,599	326,909
Loss on disposal of property, plant and equipment	20,162	10,834	2,992	2,390
Impairment of property, plant and equipment	2,350,533	-	265,840	-
Depreciation expense	4,166,286	3,298,910	939,848	727,714
Compensation of directors and key management				
- for services as directors	158,028	207,242	78,020	45,716
- for management services	1,283,616	3,946,412	1,658,279	870,548
4.2 Income tax expense (credit)				
Current tax	8,817,195	2,349,679	8,817,195	518,321
Capital gains and withholding tax	88	18	68	4
Intermediate transactions tax	4,403,729	-	2,287,333	-
Deferred tax change relating to current temporary differences	146,485	1,604,771	(9,607,615)	354,000
	13,367,497	3,954,468	1,496,981	872,325
4.3 Inventories				
Finished goods and goods in transit	129,136,151	36,991,248	79,164,474	8,159,984
Raw materials and consumables	1,385,609	1,229,454	693,314	271,208
Biological assets and agricultural produce on hand	2,238,773	1,395,035	2,051,184	307,734
Land in development	74,721,610	76,754,207	16,482,829	16,931,386
	207,482,143	116,369,944	98,391,801	25,670,312

4.4 **Borrowings**

Short-term borrowings outstanding at reporting date relate to a loan of 3,250,000 Old Mutual PLC (OM) shares secured and liquidated by Consolidated Farming Investments Limited t/a Farm & City Centre from Ayestock Investments (Private) Limited at a mid-rate of $13.0769 per share, amounting to ZWL$42,500,000. This is a 24 months loan effective from 15 June 2019 at effective interest rate of 12% per annum, payable in OM shares. The loan was sourced to finance the payment of pre-judicial management creditors of Victoria Foods (Private) Limited and Crest Poultry Group (Private) Limited as well as to fund the Group's working capital requirements. The long term borrowings on the TEFCO irrigation infrastructure facility as well as working capital overdraft support to Glenara & Retail by financiers were repaid during the period.

	INFLATION ADJUSTED 30 Sept. 2019 ZWL$	INFLATION ADJUSTED 30 Sept. 2018 ZWL$	HISTORICAL 30 Sept. 2019 ZWL$	HISTORICAL 30 Sept. 2018 ZWL$
4.5 Contingent liabilities at reporting date in respect of;				
Guarantees given to trade creditors	750,000	3,399,938	750,000	750,000
Langford Estates (envisaged reversal of land for debt swap)	16,000,000	72,532,001	16,000,000	16,000,000
City of Harare rates	3,600,000	15,405,738	3,600,000	3,398,387
Staff related provisions	685,133	3,907,711	685,133	862,011
	21,035,133	95,245,388	21,035,133	21,010,398
4.6 Capital commitments				
Authorised but not yet contracted	4,715,725	8,551,024	4,715,725	1,886,290
	4,715,725	8,551,024	4,715,725	1,886,290

The capital expenditure will be financed from the Company's own resources and existing borrowing facilities.

	INFLATION ADJUSTED 30 Sept. 2019 ZWL$	INFLATION ADJUSTED 30 Sept. 2018 ZWL$	HISTORICAL 30 Sept. 2019 ZWL$	HISTORICAL 30 Sept. 2018 ZWL$
4.7 Segment information				
Revenue				
Retail	340,746,848	263,894,590	174,763,258	58,213,111
Farming	6,923,429	13,883,523	2,593,323	3,062,598
Head Office & Properties	89,247	68,933	40,893	15,206
	347,759,524	277,847,046	177,397,474	61,290,915
EBITDA				
Retail	48,302,650	14,517,999	36,689,235	3,202,559
Farming	4,930,925	1,118,222	2,388,106	246,671
Properties & Head Office	(4,061,182)	7,728,553	(6,876,909)	1,704,859
	49,172,393	23,364,774	32,200,432	5,154,089
Segment assets				
Retail	249,208,010	133,712,448	199,206,118	29,495,935
Farming	15,080,322	18,983,279	14,224,974	4,187,565
Properties & Head Office	152,746,151	186,832,752	94,963,538	41,213,864
	417,034,483	339,528,479	308,394,630	74,897,364
Segment liabilities				
Retail	141,196,805	57,459,049	132,819,576	12,675,023
Farming	3,883,576	6,712,561	3,670,849	1,480,739
Properties & Head Office	26,244,664	62,578,154	26,204,692	13,804,258
	171,325,045	126,749,764	162,695,117	27,960,020

4.8 **INTEREST IN UNCONSOLIDATED SUBSIDIARIES (ENTITIES UNDER JUDICIAL MANAGEMENT)**

The CFI Group is the parent company of the following wholly (100%) owned subsidiaries: Victoria Foods (Private) Limited and Amtec Manufacturing (Private) Limited together with Agrifoods (Private) Limited, Crest Poultry (Private) Limited and Manicaland Farmers' Coop Investments (Private) Limited. The Group lost control of the aforementioned entities on the 26th of August 2016 as a result of them being placed under judicial management. Consequently, the subsidiaries were de-consolidated effective 30 September 2016. The summarised information of the unconsolidated subsidiaries as at 30 September 2019 is as follows:

The carrying amount of the investment in subsidiaries at date of loss of control was a negative RTGS$33,596,003

Summarised statement of financial position (for all entities under judicial management)	INFLATION ADJUSTED 30 Sept. 2019 ZWL$	INFLATION ADJUSTED 30 Sept. 2018 ZWL$	HISTORICAL 30 Sept. 2019 ZWL$	HISTORICAL 30 Sept. 2018 ZWL$
Non-current assets	74,854,958	91,435,130	74,834,983	20,169,884
Cash and cash equivalents	7,233,783	2,384,414	7,233,783	525,983
Other current assets	30,309,709	83,287,953	30,359,549	18,372,680
Non-current liabilities	(10,498,021)	(9,771,899)	(10,571,145)	(2,155,605)
Total current liabilities	(115,851,072)	(341,445,874)	(122,255,747)	(75,320,326)
Net assets	(13,950,643)	(174,110,276)	(20,398,577)	(38,407,384)
Summarised statement of comprehensive income (for all entities under judicial management)				
Revenue	53,829,320	38,113,584	28,001,832	8,407,563
Cost of sales	(33,105,572)	(30,413,456)	(16,116,891)	(6,708,974)
Gross profit	20,723,748	7,700,128	11,884,941	1,698,589
Other income	(2,673,348)	5,520,866	(5,453,205)	1,217,860
Expenses	(46,056,945)	(14,337,813)	(37,257,953)	(3,162,811)
Monetary gain	171,863,022	-	-	-
Profit (loss) before interest and tax	143,856,478	(1,116,819)	(30,826,218)	(246,362)
Finance income (cost)	191,400	(3,031,345)	35,101	(668,691)
Profit (loss) before tax	144,047,878	(4,148,164)	(30,791,117)	(915,053)
Income tax charge	(31,238,162)	(4,402,736)	(9,159,160)=	(971,210)
Profit (loss) after tax	112,809,716	(8,550,900)	(39,950,277)	(1,886,263)

4.9 **Events after the reporting period**

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

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Independent Auditor's Report

To the members of CFI Holdings Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated financial statements of CFI Holdings Limited, its subsidiaries set out on pages 15 to 20, which comprise the inflation adjusted consolidated statement of financial position as at 30 September 2019, the inflation adjusted consolidated statement of profit or loss and other comprehensive income, inflation adjusted consolidated statement of changes in equity, inflation adjusted consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 21 to 64.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated financial statements do not present fairly, the statement of financial position of the Group as at 30 September 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act (Chapter24:03).
Basis for Adverse Opinion

As described in Note 3.1,the Group used a combination of United States Dollars (USD), other foreign currencies and "local currencies" (bond notes, bond coins, Real Time Gross Settlement ($RTGS) and mobile money). During the year there was significant divergence in the market perception of the relative values between "local currencies" in comparison to the USD. Although during the period to 22 February 2019, bond notes, bond coins, RTGS and mobile money platforms were not legally recognised as currency, the substance of the economic phenomenon, from an accounting perspective, concluded that it was currency for accounting and reporting purposes. On 1 October 2018, Reserve Bank of Zimbabwe ("RBZ") instructed all banks to separate and operate different bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts to separation of transactions as either RTGS or foreign currency transaction (USD, South African Rands, British Pound and Pula). Prior to this date, both transactions were not separated.

As a result, the economy witnessed an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in the purchasing power of "local currencies" and foreign currencies contrary to legislative requirements mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standards (IAS) 21- "The Effects of Changes in Foreign Exchanges Rates" and whether the use of1:1 RTGS$: USD exchange rate was appropriate.

As a result of these changes in economic fundamentals, the directors of the Group performed an assessment on the functional currency for the Group in the accordance with IAS 21 and acknowledged that the functional currency was no longer USD, effectively on the 1st of October 2018.

Application of Exchange Rates (Non-Compliance with IAS 21)

On the 20th of February 2019, a currency called RTGS Dollar (RTGS$) was promulgated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between RTGS$ and USD prior to 22 February at 1:1, consistent with rate directed by RBZ on the introduction of bond coins and notes. Post 22 February 2019, the official interbank market exchange rate commenced at 1 USD:2.5 RTGS$. SI 33/19 also directed that all assets and liabilities expressed in USD immediately before the effective date be translated at a rate of 1: 1. The Group applied interbank exchanges rates to translate foreign denominated balances at year end.

IAS21 and IFRs Interpretations Committee guidance in September 2018 paper states that the closing rate is one to which an entity would have access at the end of the reporting period through a legal exchange mechanism and one for immediate delivery. The Group has not been able to readily access foreign currency from the interbank market during the period under review. The Group's use of the interbank rate to translate foreign denominated balances is inconsistent with IAS 21. The effect of departure, which has not been determined, is pervasive to the inflation adjusted consolidated financial statements.

The directors applied the exchange rate of 1 USD :1 RTGS$ from 1 October 2018 to 21 February 2019 in compliance with RBZ directive and SI 33/19, despite that fact that the substance of the economic phenomenon, from an accounting perspective indicated that the two currencies were no longer at parity. The Group did not apply the requirements of IAS 21 to properly translate foreign transactions to new functional currency, this resulted in material misstatements to the financial performance and cash flows of the Group. The directors also complied with SI 33/19 in translating USD denominated assets and liabilities to RTGS$, at 1:1 on the 1st of October 2018 and no further translations were done at balance sheet date as required by IAS 21.

Had the Group applied fully the requirements of IAS 21 from 1 October 2018, many of the elements of the accompanying financial statements would have been materially different, and hence this departure from IAS 21 is considered to be pervasive. The financial effects of this departure on the inflation adjusted consolidated financial statements have not been determined and we have not been able to obtain sufficient and appropriate audit evidence to determine the impact of this departure.

We conducted our audit in accordance with International Standards on Auditing (ISAs), Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of financial statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independent requirements applicable to performing audits of financial statements in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of Matter-Interests in Unconsolidated Subsidiaries

We draw attention to Note: 12.4 of the inflation adjusted consolidated financial statements which describes the effects of the interest in unconsolidated subsidiaries. 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 to the audit of inflation adjusted consolidated financial statements of the current period.

Key audit matter	How our audit addressed the key audit matter
Managements review of IFRS 9 – Financial Instruments concluded that the Group was required to apply this standard initially on the effective date. This new standard required the Group to revise its accounting processes and internal controls related to reporting financial instruments particularly impairment of trade receivables. This standard was replacing the previous 'incurred loss' model in IAS 39 on impairment of financial assets for recording the underlying expected credit losses on trade receivables. In determining the impairment allowance, the following assumptions were considered by management; - Forward looking anticipated losses on default based on historic loss experience, identification of trade receivables that exhibit indicators of impairment and the credit quality of the respective receivables, from the date the credit was granted to implementation date, based on the review of the past payment history; and - Expected shortfalls between the present value of discounted future expected cash flows, and the carrying value of the trade receivables balance. As disclosed in Note 1.2.1, the determination of the expected credit losses on trade accounts receivable is highly judgmental due to the subjectivity of the assumptions and estimates applied by management. This is a significant area which impacts the financial and operating reporting across the Group. Due to the qualitative magnitude of this new standard implementation and pervasive risks involved in migrating to a new impairment framework this has been noted as a key audit matter.	Our procedures were focused on assessing the accurate interpretation and implementation of the new standard guidelines by management together with the correct migration from IAS 39 to IFRS 9 on financial reporting, as such this has been addressed by performing the following procedures: - Discussions were held with management to understand their interpretation, the revised processes, related controls and control activities based on the new impairment framework as well as the detailed implementation plan; - Evaluated the design and implementation of controls in this area; - Gained an understanding of, and assessed the work performed by management on IFRS 9implementation strategy and management's implementation controls; - Re-computing the impairment allowance based on the entity model and considering specific behavioural circumstances unique to some customers; - Obtained an understanding of the changes to significant Group processes and key internal controls as well as IT general controls and the extent to which these have been amended. - Our IT specialists were engaged to assess the work performed by management in modelling the impairment frameworks through sufficient data analytics as well as the results of the testing performed to identify risks and additional work to perform; and - Assessed and challenged the appropriateness of management's key assumptions used in determining the impairment of selected trade accounts receivable; This involved: (a) Assessment of the potential impact of discounting cash flows for past due receivables; and (b) Performance of sensitivity analyses in relation to the key assumptions in order to assess the potential for management bias. Based on the procedures performed above the implementation of new standard and interpretations effective during the current financial year has not resulted in material misstatement on the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors Report as required by the Companies Act (24:03), Chairman's Report, Group Chief Executive Officer's Report and the Corporate Governance Report. Other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon. Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CFI HOLDINGS LIMITED (Continued)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

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

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

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

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

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

The engagement partner on the audit resulting in the independent Auditor's report is Phibion Gwatidzo.

Report on Other Legal and Regulatory Requirements

Zimbabwe Stock Exchange ("ZSE") Listing Requirements
CFI Holdings Limited was suspended indefinitely from the ZSE on the 15th of August 2018 due to non-compliance with listing requirements around free float threshold, appointment of a substantive Board Chair, Chief Executive and Financial Director and the appointment of independent non-executive directors. The suspension requires that CFI continues to comply with other listing requirements while addressing areas of non-compliance. As at 30 September 2019, ZSE is yet to lift the suspension of CFI Holdings Limited.

Companies Act (Chapter 24:03)
In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflations adjusted consolidated financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

Baker Tilly

Partner: Phibion Gwatidzo
PAAB Practising Number: 0365
Baker Tilly Chartered Accountants (Zimbabwe)
Harare
Date: 31 January 2020