AUDITED ABRIDGED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2020

starafricacorporation limited

Salient Features for the year

	INFLATION ADJUSTED	HISTORICAL
Revenue	↑ 114%	↑ 721%
EBITDA	↑ 115%	↑ 750%
Profit before tax	↑ 45%	↑ 848%

Chairman's Statement

OVERVIEW

I am pleased to present the results for the year ended 31 March 2020, which show that the Group has continued on a profitability trajectory since last year. The results are presented in Zimbabwean Dollars, which became the Group's functional currency in February 2019 in line with the Government of Zimbabwe's policy announcements and related legislation.

The year under review was characterized by challenges arising from power outages, foreign currency shortages and unrelenting cost pressures fuelled by hyperinflation. The business environment has been negatively affected by the advent of COVID-19. This pandemic will likely affect the conduct of business and way of social living. Despite the challenges in the macro environment, the company continued to consolidate its turnaround driven by a focus on cost efficiencies, upgrading plant reliability and growth of export volumes.

GROUP RESULTS

The financial results of the Group have been Inflation Adjusted in compliance with the requirements of IAS 29 and the historical numbers have been disclosed as supplementary information. Total turnover increased by 114% to ZWL$1 210 billion compared with ZWL$565 million realised in prior year. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 115% to ZWL$206 million relative to ZWL$96 million that was achieved last year as a result of cost management strategies. The profitable performance was impacted by a fair value adjustment on investment properties and net finance costs which resulted from foreign exchange losses on foreign borrowings. As a result, the Group realised a Profit after Tax of ZWL$ 55 million, compared with ZWL$ 68 million achieved last year.

In historical terms, revenue increased by 721% to ZWL$597 million from ZWL$73 million recorded in prior year, while EBITDA increased by 750% to ZWL$105 million from ZWL$12 million in prior year.

The Group's net working capital increased to ZWL$50.6 million from ZWL$11.8 million achieved in prior year.

OPERATIONS

Goldstar Sugars Harare (GSSH)

GSSH produced 65 568 compared with 72 252 tonnes of refined sugar produced in prior year. The business unit sold 63 993 against 71 683 tonnes sold last year. The 9.3% decrease in production was attributable to prolonged power outages experienced in July and August 2019 and intermittent water supplies which adversely affected output at the sugar refining plant during the year under review. Power supply, however, improved significantly in the last quarter of the year. Sales volumes were in line with production and included exports generated from new markets that were developed in the region during the year under review.

The plant continued to be certified by The Coca Cola Company ("TCCC") as well as Food Safety certification under the FSSC 22000 series. The certifications enable the Group to supply products to TCCC franchisees in the Southern Africa region and beyond.

Country Choice Foods (CCF)

CCF products continued to be market leaders against competitor products, including new entrants. Volume was down 8% on the back of low disposable income. In addition, the baking industry which is one of CCF's major markets experienced shortages of flour for some time. In the ensuing year, this business will be repositioned to take advantage of prevailing growth opportunities in the local and export food industries and markets.

Properties Business

This business recorded a decrease in turnover from ZWL$5 million recorded in prior year to ZWL$ 4.4 million. The reduction was due to relatively lower rentals that obtained during the year under review consequent upon the economic downturn which affected most of the tenants.

Tongaat Hulett Botswana (THB)

THB continued with its dominance of the Botswana sugar market. The associate recorded a profit after tax of ZWL$34.6 million of which the Group's share was ZWL$ 11.5 million after converting the earnings into Zimbabwean Dollars at the official exchange rate as at 31 March 2020.

SCHEME OF ARRANGEMENT

The Scheme of arrangement, whose tenure expires in 2022, remains in place with 84% of creditors having been settled. The Group continues to service its interest obligations and to engage the remaining Scheme creditors to exercise their debt to equity conversion rights in light of the Group's return to profitability.

DIRECTORATE

The Finance Director, Mr. K M Chipangura, resigned with effect from 31 March 2020 to pursue other interests. The Board is grateful for his invaluable contribution during his tenure in office and wishes him success in his future endeavours. He was replaced by Mrs. E Machaka Madziva, a qualified and experience Chartered Accountant,whose confirmation as a Director will be put to the Annual General Meeting. The Board extends a warm welcome to Mrs. E Machaka Madziva and wishes her a fruitful tenure in office.

DIVIDEND

In light of the Group's existing Scheme related obligations, the uncertainties prevailing in the current economic environment and the desire to ensure adequate working capital is maintained the Board has deemed it prudent not to declare a dividend for the year ended 31 March 2020.

OUTLOOK

The resurgence of hyperinflation and the COVID-19 global pandemic have adverse effects on the macroeconomic environment. The Group, however, believes that the policies being implemented by Government, although resulting in initial unfavourable pressures, will eventually lead to a better business environment. If implemented correctly, the recently introduced foreign currency auction system should stabilise the exchange rate with positive ramifications in the economy.

For the ensuing year and beyond, the Group will focus on growing its export markets in the region and expects to double the volumes achieved in the year under review.

Despite the ravages of the COVID-19 pandemic, the business continues to operate normally and demand for its products is stable. Measures have been put in place at enterprise level to mitigate any adverse effects of the pandemic and, being an essential service, the Company has been allowed to operate without interruption during the subsisting COVID-19 induced national lockdown. The company has however not been spared the ravages of the pandemic.

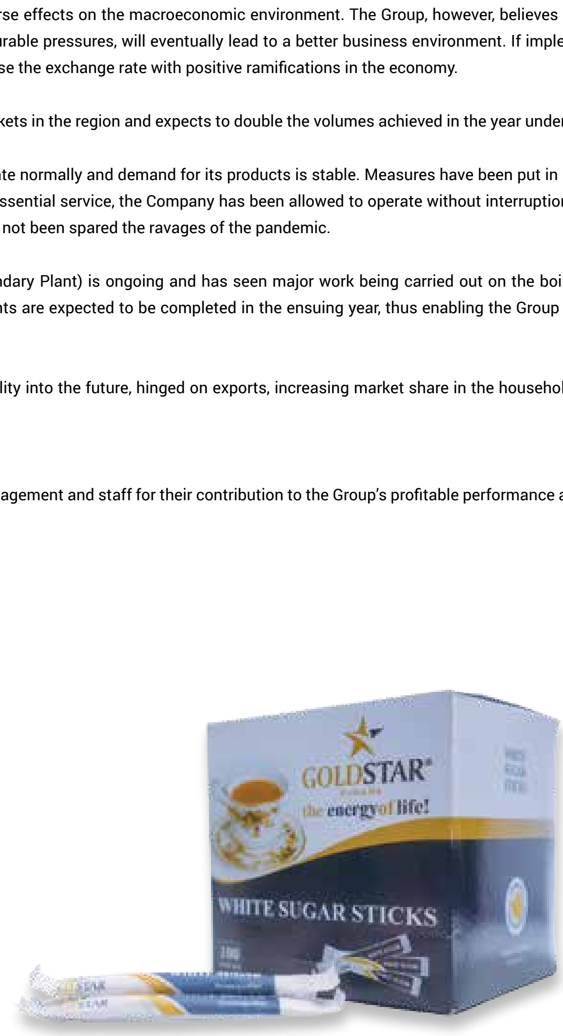
The phased refurbishment of the dry section of the sugar refining plant (Secondary Plant) is ongoing and has seen major work being carried out on the boilers, the centrifugal machines, the vapour duct and the driers. Outstanding refurbishments are expected to be completed in the ensuing year, thus enabling the Group to meet forecast local and export demand.

The Group is working on several strategies for sustainable growth and profitability into the future, hinged on exports, increasing market share in the household direct consumption segment and expanding CCF's product range.

CONCLUSION

I wish to thank the Group's various stakeholders, my fellow board members, management and staff for their contribution to the Group's profitable performance and look forward to the same support in the ensuing year.

J.S Mutizwa
Chairman
28 July 2020



Abridged Consolidated Statement of Profit or Loss

for the year ended 31 March 2020

	INFLATION ADJUSTED			HISTORICAL	
	Audited Mar 20 ZWL	Restated Mar 19 ZWL	Notes	Unaudited Mar 20 ZWL	Audited Mar 19 ZWL
Revenue	**1,209,823,481**	**564,732,396**		**597,216,636**	**72,738,135**
Earnings before Interest ,Tax,Depreciation & Amortisation (EBITDA)	**206,448,544**	**96,157,825**		**105,335,686**	**12,385,230**
Depreciation	(10,390,867)	(7,347,661)		(2,953,882)	(946,387)
Earnings before Interest & Tax	**196,057,677**	**88,810,164**		**102,381,804**	**11,438,843**
Restructuring costs	-	(6,751,346)		-	(869,581)
Fair value adjustment on investment property	(14,039,142)	28,582,248		135,233,093	3,681,424
Exchange loss	(144,498,824)	(21,075,216)		(143,268,359)	(2,714,510)
Monetary gain	89,385,255	-	1.2	-	-
Net finance costs	(24,963,500)	(21,385,447)		(10,464,571)	(2,754,469)
Share of profit of an associate	11,546,176	10,013,652		11,546,176	1,289,770
Profit before taxation	**113,487,642**	**78,194,055**		**95,428,143**	**10,071,477**
Income tax expense	(58,907,332)	(10,008,154)		(29,189,415)	(1,289,061)
Profit for the period	**54,580,310**	**68,185,901**		**66,238,728**	**8,782,416**
Profit for the period attributable to:					
Non controlling interest	(1,097,536)	1,903,643		7,981,983	245,191
Equity holders of the parent	55,677,846	66,282,258		58,256,745	8,537,225
	54,580,310	**68,185,901**		**66,238,728**	**8,782,416**
Earnings per share (cents)					
Basic	1.16	1.39	5	1.38	0.18
Diluted	1.16	1.39	5	1.38	0.18
Headline	3.59	1.29	5	1.50	0.17
Weighted average number of shares	4,808,662,335	4,757,046,474		4,808,662,335	4,757,046,474
Number of shares for diluted earnings	4,808,662,335	4,757,046,474		4,808,662,335	4,757,046,474
Adjusted earnings for headline EPS (ZWL)	172,669,051	61,577,291		72,150,184	7,931,220

Abridged Consolidated Statement of other Comprehensive Income

for the year ended 31 March 2020

Profit for the year	**54,580,310**	**68,185,901**		**66,238,728**	**8,782,416**
Other comprehensive income (net of tax)	**38,255,999**	**41,905,403**		**201,405,354**	**5,397,460**
Exchange differences on translating foreign operations	46,494,631	(2,545,358)		46,494,631	(327,845)
Revaluation of property, plant and equipment net of tax	(8,238,632)	44,450,761		154,910,723	5,725,305
Total comprehensive income for the period	**92,836,309**	**110,091,304**		**267,644,082**	**14,179,876**
Total comprehensive income for the period attributable to:					
Non controlling interest	(1,097,536)	1,903,643		7,981,983	245,191
Equity holders of the parent	93,933,845	108,187,661		259,662,099	13,934,685
	92,836,309	**110,091,304**		**267,644,082**	**14,179,876**

The historical amounts are shown as supplementary information. This does not comply with the International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.

Abridged Consolidated Statement of Financial Position

As at 31 March 2020

	INFLATION ADJUSTED			HISTORICAL	
	Audited Mar 20 ZWL	Restated Mar 19 ZWL	Notes	Unaudited Mar 20 ZWL	Audited Mar 19 ZWL
ASSETS					
Non current assets	**528,332,147**	**543,450,573**		**459,686,251**	**69,997,013**
Property, plant and equipment	321,238,642	329,235,286	3	252,592,746	42,405,856
Investment property	157,302,017	171,341,159	3	157,302,017	22,068,924
Investment in associate	49,791,488	42,874,128		49,791,488	5,522,233
Current assets	**277,642,247**	**169,007,826**		**260,488,810**	**21,768,388**
Total assets	**805,974,394**	**712,458,399**		**720,175,061**	**91,765,401**
EQUITY AND LIABILITIES					
Equity	**390,148,399**	**281,417,067**		**321,009,682**	**36,246,817**
Attributable to equity holders of the parent	321,485,975	227,552,130		288,971,055	29,308,956
Equity component of compound financial instruments	50,437,917	34,542,894	6	21,567,944	4,449,161
Non controlling interest	18,224,507	19,322,043		10,470,683	2,488,700
Non current liabilities	**188,763,418**	**273,787,455**		**172,102,802**	**35,264,116**
Loans and borrowings	110,333,381	226,877,143	4	110,333,381	29,222,018
Deferred tax liability	78,430,037	46,910,312		61,769,421	6,042,098
Current liabilities	**227,062,577**	**157,253,877**		**227,062,577**	**20,254,468**
Loans and borowings	56,103,590	27,143,893	4	56,103,590	3,496,162
Trade and other payables	170,958,987	130,109,984		170,958,987	16,758,306
Total liabilities	**415,825,995**	**431,041,332**		**399,165,379**	**55,518,584**
Total equity and liabilities	**805,974,394**	**712,458,399**		**720,175,061**	**91,765,401**

The historical amounts are shown as supplementary information. This does not comply with the International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.

Abridged Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

INFLATION ADJUSTED	Equity holders of the parent ZWL	Equity component of compound financial instruments ZWL	Non controlling interest ZWL	Total ZWL
Balance as at 31 March 2018	**(33,693,592)**	**22,718,829**	**12,489,578**	**1,514,815**
Total comprehensive income	108,187,662	-	1,903,643	110,091,305
Profit for the year	66,282,259	-	1,903,643	68,185,902
Other comprehensive income	41,905,403	-	-	41,905,403
Equity component transfer on conversion of compound financial instruments	1,812,390	(1,812,390)	-	-
Change in functional currency	141,943,537	13,636,455	4,928,822	160,508,814
Ordinary shares issued on conversion of debt to equity	9,302,133	-	-	9,302,133
Balance as at 31 March 2019	**227,552,130**	**34,542,894**	**19,322,043**	**281,417,067**
Total comprehensive income	93.933,845	-	(1,097,536)	92,836,309
Profit for the period	55,677,846	-	(1,097,536)	54,580,310
Other comprehensive income	38,255,999	-	-	38,255,999
Settlement of compound financial instruments	-	(2,280,228)	-	(2,280,228)
Exchange difference on foreign denominated compound financial instruments	-	18,175,251	-	18,175,251
Balance as at 31 March 2020	**321,485,975**	**50,437,917**	**18,224,507**	**390,148,399**

The historical amounts are shown as supplementary information. This does not comply with the International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.

starafricacorporation
limited

AUDITED ABRIDGED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 MARCH 2020

Abridged Consolidated Statement of Changes in Equity
for the year ended 31 March 2020

HISTORICAL	Equity holders of the parent ZWL	Equity component of compound financial instruments ZWL	Non controlling interest ZWL	Total ZWL
Balance as at 31 March 2018	**(4,339,771)**	**2,926,209**	**1,608,671**	**195,110**
Total comprehensive income	13,934,685	-	245,191	14,179,876
Profit for the year	8,537,225	-	245,191	8,782,416
Other comprehensive income	5,397,460	-	-	5,397,460
Equity component transfer on conversion of compound financial instruments	233,438	(233,438)	-	-
Change in functional currency	18,282,480	1,756,390	634,838	20,673,708
Ordinary shares issued on conversion of debt to equity	1,198,124	-	-	1,198,124
Balance as at 31 March 2019	**29,308,956**	**4,449,161**	**2,488,700**	**36,246,818**
Total comprehensive income	259,662,099	-	7,981,983	267,644,082
Profit for the period	58,256,745	-	7,981,983	66,238,728
Other comprehensive income	201,405,354	-	-	201,405,354
Settlement of compound financial instruments	-	(1,056,467)	-	**(1,056,467)**
Exchange difference on foreign denominated compound financial instruments	-	18,175,251	-	18,175,251
Balance as at 31 March 2020	**288,971,055**	**21,567,944**	**10,470,682**	**321,009,682**

Abridged Consolidated Statement of Cash Flows
for the year ended 31 March 2020

	INFLATION ADJUSTED			HISTORICAL	
	Audited Mar 20 ZWL	Restated Mar 19 ZWL	Notes	Unaudited Mar 20 ZWL	Audited Mar 19 ZWL
Cash flows generated from operations	**105,222,743**	**59,544,049**		**28,906,776**	**7,669,337**
Taxation paid	(3,520,784)	(10,835,198)		(2,184,769)	(1,395,585)
Net Finance costs paid	(8,983,866)	(13,860,675)		(1,821,239)	(1,785,270)
Net cash flows from operating activities	**92,718,093**	**34,848,176**		**24,900,768**	**4,488,482**
Net cash flows received from investing activities	**9,879,782**	**12,749,090**		**6,619,898**	**1,642,096**
Net cash flows (used) in financing activities	**(17,332,176)**	**(1,244,496)**		**(10,623,674)**	**(160,292)**
Net increase in cash and cash equivalents	**85,265,699**	**46,352,770**		**20,896,992**	**5,970,286**
Net foreign exchange difference	(103,180,755)	3,108,864		19,408,879	400,425
Effect of change in functional currency	-	8,698,826		-	1,120,418
Cash and cash equivalents at 1 April	66,828,510	8,668,050		8,607,583	1,116,454
Cash and cash equivalents at 31 March	**48,913,454**	**66,828,510**		**48,913,454**	**8,607,583**

Supplementary information

	INFLATION ADJUSTED		HISTORICAL	
	Mar 20	Mar 19	Mar 20	Mar 19
Number of shares in issue	4,808,662,335	4,808,662,335	4,808,662,335	4,808,662,335
Capital expenditure	14,410,436	4,874,068	7,236,534	627,778
Total refined sugar sales (tonnes)	63,992	71,683	63,992	71,683
Inventory (current assets)	120,969,068	38,650,976	112,503,613	4,978,287
Trade and other receivables (current assets)	74,135,962	47,017,856	74,135,962	6,055,950
Trade and other payables (current liabilities)	148,132,465	127,452,757	148,132,465	16,416,051
Property pledged as security	45,708,814	49,459,062	45,708,814	49,459,062
Plant and equipment pledged as security	88,750,000	96,345,786	88,750,000	6,370,380
Interest bearing borrowings	166,436,971	254,021,036	166,436,971	12,409,440
Short term loans	56,103,590	27,143,893	56,103,590	3,496,162
Long term loans	110,333,381	226,877,143	110,333,381	29,222,018
Average cost of interest bearing borrowings	8%	8%	8%	8%

The historical amounts are shown as supplementary information. This does not comply with the International Financial Reporting Standards in that it has not taken account of the requirements of International Accounting Standard 29 Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on the historical financial information.

Notes To The Condensed Financial Statements

1. Basis of preparation
These abridged consolidated financial results were extracted from the full set of the inflation adjusted consolidated financial statements of Starafrica Corporation Limited which were prepared in accordance with International Financial Reporting Standards (IFRS) except for non-compliance with IAS 21 "Effects of Changes in Foreign Exchange Rates", the requirements of the Companies Act (Chapter 24.03) and the requirements of the Zimbabwe Stock Exchange. The Group's functional and presentation currency for operations in Zimbabwe is the Zimbabwean Dollar (ZWL$) rounded off to the nearest dollar. The Monetary Authorities introduced the ZWL$ as the transactional and functional currency on 22 February 2019.

1.1 Functional Currency
The Group had been using the United States Dollar (US$) as its functional and reporting currency since 2009. In 2016 the monetary authorities introduced the Bond note which was at par with the US$. On the 1st of October 2018 an Exchange Control Directive RT120/2018 was promulgated directing all banks to separate domestic and Nostro currency accounts. On the 22nd of February 2019 Statutory Instrument 33 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS Dollar. Another Exchange Control Directive RU 28 of 2019 was issued at the same time and it introduced an interbank market for the RTGS Dollar and the USD as well as other currencies in the multi-currency regime. On June 24 2019 the government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi-currencies and compelled that local transactions be done in local currency (ZWL$). The Group followed the legal instruments and changed the functional currency on the 22nd of February 2019 and adopted the stipulated rate of US$1:ZWL$2.5. Subsequent to this, the interbank midrate has been used as a legal source of exchange rates in translating all foreign currency balances. The adherence to Statutory Instrument 33 (SI 33) of 2019 created inconsistencies with IAS 21 as well as the principles embedded in the IFRS Conceptual Framework. This has resulted in the adoption of accounting treatment in the current year's Group's financial statements which is at variance from that which would have been applied if the Group had been able to fully comply with IFRS.

1.2 Hyperinflation
In October 2019, the Public Accountants and Auditors Board (PAAB) issued a pronouncement prescribing that IAS 29 be applied to all financial statements for periods ending on or after 1 July 2019. The financial results have been prepared using the restatement approach in line with the provisions of IAS29. The Directors have applied guidance provided by the PAAB and made various assumptions to produce inflation adjusted financial statements.

Hyperinflationary accounting requires transactions and balances of each reporting period to be presented in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period. The Group has elected to use the Zimbabwe Consumer Price Index (CPI) published by the Reserve Bank of Zimbabwe as the general price index to restate amounts as it provides an official observable indication of the change in the price of goods and services.

IAS29 also requires that the corresponding figures for the previous period also be restated in terms of the same measuring unit. The comparative information for the year ended 31 March 2019 was inflation adjusted using the CPI indices as specified in the inflation indices paragraph below.

The following All Items CPI indices were used to prepare the financial statements

Dates	All Items CPI Indices	Conversion Factors
31 March 2020	810.4	1
31 March 2019	104.4	7.764
31 March 2018	62.6	12.95

Average CPI for 12 months to:	
31 March 2020	382.92
31 March 2019	87.38

The carrying amounts of non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index as if they had been hyperinflationary from 1 April 2019. No adjustment has been made for those non-monetary assets and liabilities measured at fair value. Impairment is recognised in the profit or loss if the measured amount of a non monetary asset exceeds the recoverable amount.

All items recognised in the statement of profit or loss and other comprehensive income are restated by applying the average monthly general price index when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position have been recognised as part of profit or loss before tax in the statement of profit or loss and other comprehensive income.

All amounts in the statement of cash flows were segregated into the respective months in which the cash flows actually occurred and the applicable monthly factor used to hyper-inflate the amount. Gain or losses on cash flows were included in non-cash items.

IAS 29 discourages publication of historical financial statements as a supplement to inflation adjusted accounts. As such the historic financial statements as at 31 March 2020 are unaudited. The historical financial statements have however been included to allow comparability during the transitional phase in applying the standard.

2. Going concern
The Group's performance for the period under review resulted in a Profit after Tax (PAT) of ZWL$ 54.6 million against ZWL $ 68.2 million in 2019. Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased from ZWL$96.2 million in 2019 to $206.4 million in 2020. The balance sheet is in sound position with a net asset position of ZWL$ 360.3 million.

The conditions presented in the preceding paragraph indicate significant positive developments which have enhanced the Group's ability to discharge its liabilities through realising its assets in the normal course of business.

The Group's continued profitability and solvency is being supported through the deliverables listed below which management will continue to pursue on an ongoing basis:

Secondary Scheme
The implementation of the scheme has progressed to a stage where 84% of the convertible debt has been converted to equity which has resulted in not only significantly reducing the interest burden but has contributed to the correction of the balance sheet structure. Management continues to engage the remaining creditors with a view to conversion but is also confident of meeting the eventual settlement requirements should the creditors not convert until the end of the Scheme in 2021.

Plant capacity enhancements
The Group continued with partial refurbishment of the secondary plant from own resources which largely came from exports that took place in the year. The refurbishments focused on areas deemed to give the most immediate impact towards meeting existing demand which was at time exacerbate by sporadic "panic buying" especially in the second half of the financial year.

The plant was recertified 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. The Group's rating under the Supplier Guiding Principles (SGP) was upgraded to "green" following an audit which was carried out in May 2019.

Markets and Products Development
Exports almost trebled from the 1 950 tonnes recorded in 2019 to 4 322 in 2020. While the sole customer in prior year was the associate company in Botswana, the Group has since extended its market into South Africa, Namibia, DRC, and other customers in Botswana. The target for the ensuing year is to grow the volumes further by more than 60%. Market exploration work continues with the view of entering more markets in Central and East Africa.

Product demand in the local market grew as some of the key customers continue to experience increased demand for their product locally as well as in the export market. The Group'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 confident that the notable changes to the financial performance will be maintained and enhanced through product and markets development for both local and export requirements to meet the forecast volumes for the coming 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 Group will continue to be profitable thus realising its assets and discharging its liabilities in the ordinary course of business.

3. Revaluation
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. A revaluation of land and buildings was carried on the 31st of March 2020. Fair value of the properties was determined by Dawn Properties Consultants, an accredited independent valuer using market comparable method and the implicit investment method. The revalued property consists of commercial stands, warehouses, residential and industrial buildings in Zimbabwe. The difference between the carrying amount as at 31 March 2019 and the fair value as at 31 March 2020 was recorded in other comprehensive income (for property plant and equipment) and in the Statement of Profit or Loss (for investment properties).

4. Secondary Scheme update

Zimbabwe Sugar Sales (ZSS) Scheme
ZSS was owed $ 11 333 808 (historical) 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 Group is up to date with interest payments and is still engaging the creditor concerning the conversion option.

Concurrent Creditors Scheme
The Scheme provided for the conversion of amounts owed to concurrent creditors amounting to ZWL$ 9 171 160(historical) 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. Creditors have an option to convert their debt to equity at a conversion price of $ 0.0125 adjusted for any accumulated interest. Some of the concurrent creditors with a cumulative principal debt of $1 979 650(historical) elected to convert amounts owed to them into 163 241706 shares. The balance from the initial Scheme amount is dominated by Du Pont Agricole with a figure of USD$ 4 549 116 with the remainder being made up of numerous creditors whom management continues to persuade to convert or settle for alternative debt settlement options.

Banc ABC Scheme
The Group received ZWL$ 1 million (historical) for working capital from Banc ABC in April 2017 in line with the Secondary Scheme of Arrangement. The loan attracts interest at 9% per annum payable quarterly. The principal amount together with the interest is being repaid over five years counted from September 2017. The Group is up to date with all the instalments that became due within the financial year.

The Employees Scheme
The Scheme provided for the settlement of non statutory employee related payments over a period of 16 months and the Group has managed to clear all the amounts that were part of the Scheme.

Statutory Creditors
The scheme approved that management would engage statutory bodies on a bilateral basis to come up with viable settlement arrangements that would allow the Group to implement the recovery strategies while also settling obligations. The Group engaged statutory bodies and the settlement periods achieved to date were on a short term basis but has managed to clear all the legacy debts that existed at scheme date save for the City of Harare where engagements are still in progress with a view to clear the accounts by September 2019.

5. Earnings/ (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.

The authorised new share capital levels are as follows:
- Ordinary Shares — 7 billion at a nominal price of $ 0.0001 each
- Preference Cumulative Shares — 3 billion at a nominal price of $ 0.0001 each

As at 31 March 2020 the actual shares in issue were 4 808 662 335 and these were used for calculation of profit per share as no shares where subscribed during the year. Shares used for computation of diluted earnings per share were the same as those for basic earnings per share because the incremental impact of a potential 1 491 737 585 shares from outstanding Scheme creditors who have conversion rights is anti-dilutive. The test for dilutive effect was done using the "if converted" method which compared the impact of conversion (assuming it took place on 1 April 2019) on earnings (net of tax) (ZWL$ 55 677 846) against the potential ordinary shares there from (1 491 737 585 shares).The result was anti-dilutive as the incremental earnings per share was higher than the basic earnings per share. The Group then had to disregard the potential ordinary shares in the computation of diluted earnings per share. In prior year potentially dilutive shares were also disregarded as they had an anti-dilutive effect on the Loss per share then.

There are potentially 1 491 737 585 shares arising from the outstanding Scheme creditors with convertible rights who are Zimbabwe Sugar Sales and Concurrent creditors including Du Pont.

6. Equity Component of Compound Financial instruments
The balance is for the equity components that arose from the options for debt to equity conversions on the Secondary Scheme of Arrangement with, ZSS and Concurrent Creditors which went down due to the conversions that took place as shown below:

INFLATION ADJUSTED

Scheme Lender	Balance as at 1 April 2019 ZWL$	Transfer out after settlement ZWL$	Effect of exchange rates on foreign creditor ZWL$	Balance as at 31 March 2020 ZWL$
Zimbabwe Sugar Sales	**10 192 082**	(1 220 915)	-	**8 971 167**
Con-current creditors	**24 350 812**	(1 059 313)	18 175 251	**41 466 750**
Total	**34 542 894**	**(2 280 228)**	**18 175 251**	**50 437 917**

HISTORICAL

Scheme Lender	Balance as at 1 April 2019 ZWL$	Transfer out after settlement ZWL$	Effect of exchange rates on foreign creditor ZWL$	Balance as at 31 March 2020 ZWL$
Zimbabwe Sugar Sales	1 312 750	(821 039)	-	491 711
Con-current creditors	3 136 411	(235 428)	18 175 251	21 076 233
Total	**4 449 161**	**(1 056 467)**	**18 175 251**	**21 567 944**

7. Contingencies

Labour Case
The company has a labour case following an 11% wage adjustment dispute with CBA governed employees. The company has filed an appeal with the Supreme Court and the matter was heard and judgement was reserved. In the event of the appeal being unsuccessful, the Company will be expected to pay an amount approximated at ZWL$1 million. The amount will not materially impact the Group's consolidated financial statements.

Tax claim by National Social Security Authority
NSSA instituted legal proceedings for the recovery of withholding tax they did not withhold on the sales proceeds from the disposal of one the Group's properties. The estimated amount is ZWL$355 000 although the timing remains uncertain as it is dependent on the outcome of the proceedings. The amount will not materially impact the Group's consolidated financial statements.

Claim on properties
Silvnet Investments and Porthill Investments have instituted legal proceedings for the recovery of properties that were part and parcel of a transaction that established a joint venture between themselves and Red Star Wholesalers (subsidiary of the Group). The matter awaits a pre-trial conference. As a result, disclosure of the amount at this stage might prejudice the position of the entity considering the dispute that is currently ongoing.

8. Subsequent Events
The Government of Zimbabwe declared a national lockdown effected from the 30th March 2020 in response to World Health Organisation declaration of the COVID – 19 outbreak as a pandemic. The Group has according to International Accounting Standard (IAS10) – 'Events after the Reporting period' identified this outbreak to be a non-adjustment event occurring after the reporting date.

While the Group continued operating due it being in the essential services sector, a communiqué was issued to the workforce outlining the preventative measures to be taken to combat the spread of COVID-19. The Group has also engaged all its service providers and reduced personal interface. The holding of meetings internally and externally was limited to extremely urgent cases and, in any such cases, not more than three people would meet. Otherwise all communication and interaction has been over the distance, on line, in memos, notices on notice boards, use of telephones, mobile phones etc.

The extent, duration and impact of the pandemic remain uncertain and depend on future developments that cannot be accurately predicted at this stage. However the impact so far on the Group's business has been marginal as it has continued operating during the lockdown together with its key customers. The supply of raw materials to the sugar refining plant was stable during the quarter under review except for packaging materials sourced from South Africa, whose cartage was slowed down by the lockdown in that country.

Management commenced with its Business Continuity Plan and a Crisis Management Task Force, chaired by the Chief Executive was established. The committee was tasked with the following:
- Assessing, monitoring and managing the development and impact of COVID-19 in compliance with the requirements and guidelines issued by Government and local authorities.
- Contingency and response planning which takes into account business continuity, work force management and business specific risk mitigation.
- Internal and external communication of safety measures and response plans with employees, customers, suppliers, regulators/government bodies and other key stakeholders in the business.

The Group reviewed stocking levels upwards to ensure business continuity. It also pre-ordered sufficient supplies and materials including those consumables required to maintain a healthy environment (tissues, hand sanitizers, soap, masks etc.) and will continually review the impact of short term changes to the supply chain and logistics models to avoid disruption. Pro-active cash management measures have been put in place to ensure that the Group has sufficient liquidity to weather the storm.

The Group has had to bear costs of creating a safer working environment. The business solvency position has not been affected as it has renegotiated trade terms with both suppliers and customers to take into account the new COVID-19 operating environment.

Management is hopeful that measures being pursued by Government and the world at large will smother the full impact of this pandemic. The company remains resilient as local demand for its products continues to be strong. Efforts to increase our share of the exports market have been enhanced. There have not been any major constraints in the supply of major raw inputs. The Board remains confident that the company will continue on its upward trajectory despite the current challenges emanating from COVID-19.

9. Audit opinion
The Group's inflation adjusted financial statements from which these abridged results have been extracted have been audited by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse audit opinion as a result of the impact of the following prior year matters: Non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates); the consequential impact on the inflation-adjusted amounts determined in terms of IAS 29 and valuation of investment property, freehold land and buildings due to lack of market evidence to support property valuation inputs. The auditor's report on the Group's inflation adjusted financial statements is available for inspection at the Company's registered office.

Building a better working world

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Independent Auditor's Report

To the Shareholders of StarAfrica Corporation Limited

Report on the Audit of the consolidated and company inflation adjusted financial statements

Adverse Opinion

We have audited the consolidated and company inflation adjusted financial statements of StarAfrica Corporation Limited and its subsidiaries (the Group), as set out on pages 21 to 79, which comprise the consolidated and company inflation adjusted consolidated and company statement of financial position as at 31 March 2020, and the consolidated and company inflation adjusted statement of comprehensive income , consolidated and company inflation adjusted statement of changes in equity and consolidated and company inflation adjusted statement of cash flows for the year then ended, and notes to the consolidated and company inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and company inflation adjusted financial statements do not present fairly the financial position of the Group and company as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

<u>Non-compliance with International Financial Reporting Standards: International Accounting Standard (IAS) 21- The Effects of Changes in Foreign Exchange Rates in the prior period and inappropriate application of IAS 8- Accounting Polices, Changes in Accounting Estimates and Errors.</u>

As explained in Note 1,3 to the consolidated and company inflation adjusted financial statements, the Group applied the United States Dollar (US$) as its functional currency for the period 1 January 2018 to 22 February 2019 and the Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 31 March 2020. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The consolidated and company inflation adjusted financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts. In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018.

Accordingly, as at 31 March 2019, the consolidated and company financial statements of the Group included balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflects the economic substance of its value as required by IFRS. The directors have provided more information on their approach in Note 1,3 to the consolidated and company inflation adjusted financial statements.

In respect of the above matter we issued an adverse opinion in the prior year as the effects of the departure from IFRS were pervasive to the financial statements but could not be quantified owing to the nature of the matter.

On the date of change in functional currency, different exchange rates were used to translate elements of the financial statements from USD to ZWL, resulting in an imbalance which was recorded directly to equity. This is in contravention of the requirements of IAS21.

Further contributing to the adverse opinion in prior year was the disagreement on exchange rates used. The interbank exchange rate used to translate foreign denominated transactions and balances to the functional currency, ZWL, from 23 February 2019 to 31 March 2019 did not the IAS 21 definition of a spot rate.

Management has not restated the opening balances to resolve the matters which resulted in the adverse audit report in the prior period in accordance with IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors. The matters are therefore continuing.

As a result of these matters:

- All corresponding numbers are misstated on the consolidated and company inflation adjusted Statements of Financial Position, Cash Flows Profit or Loss and Changes in Equity.
- As opening balances enter into the determination of cash flows and performance, our current year opinion is modified in respect of the impact of these matters on the Group and Company inflation adjusted Statement of Cash Flows, Statement of Profit or Loss and Statement of Changes in Equity.

Our opinion on the current period's Group and company inflation adjusted financial statements is also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

In addition to the impacts on the corresponding numbers, current year performance and cash-flows the matter continues to impact the balances on the consolidated and company inflation adjusted Statement of Financial Position as many of these still comprise of amounts from opening balances.

Whilst this matter might not affect all accounts in the statement of financial position, the specific accounts and the portions affected by this matter have not been identified/ quantified here.

This is due to the further matters requiring modification (which have been discussed below) and which result in virtually all amounts being incorrectly stated.

As a consequential impact, the application of IAS 29 is inappropriate. It is noted that the application of IAS29 was based on prior and current periods' financial information which was not in compliance with IAS 21 / IAS 8 as described above. Had the correct base numbers and start date been used, most elements of the consolidated and company inflation adjusted financial statements would have been materially different.

Valuation of investment properties and freehold land and buildings.

The Group's properties are held at a fair value of $399,550,000 as at 31 March 2020 as described on Note 2,4 to the inflation adjusted financial statements The Group's properties were valued using unobservable inputs denominated in the United States Dollar currency and converted to local currency using the interbank rate. There is a unique disconnect between the currency in which the rentals are being paid (ZWL) and the currency in which the properties are being valued (USD). We therefore disagree with management on the inputs used in the valuation, and we are unable determine the appropriate correct inputs and therefore cannot quantify the possible impact.

The effects of the above departures from IFRS are material and pervasive to the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility but does not include the consolidated and Company inflation adjusted financial statements and our auditor's report thereon. 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. The Chairman's Statement, The Chief Executive Officer's Business Report, the Directors' Report and the Statement of Corporate Governance and Responsibility is expected to be made available to us after the date of this auditor's report.

In connection with our audit of the consolidated and company inflation adjusted 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 inflation adjusted financial statements or our knowledge obtained in 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 of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group and Company did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates, we disagreed with the inputs used in the valuation of the Group's properties and the resultant impact these issues have had on the application of IAS 29. We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the Consolidated and company Inflation Adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and company inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and company inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and company inflation adjusted 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and company inflation adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and company inflation adjusted 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 inflation adjusted 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 inflation adjusted 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 inflation adjusted 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 inflation adjusted financial statements, including the disclosures, and whether the consolidated and company inflation adjusted 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 inflation adjusted 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 inflation adjusted 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, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated and company inflation adjusted financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31).

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

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

29 July 2020