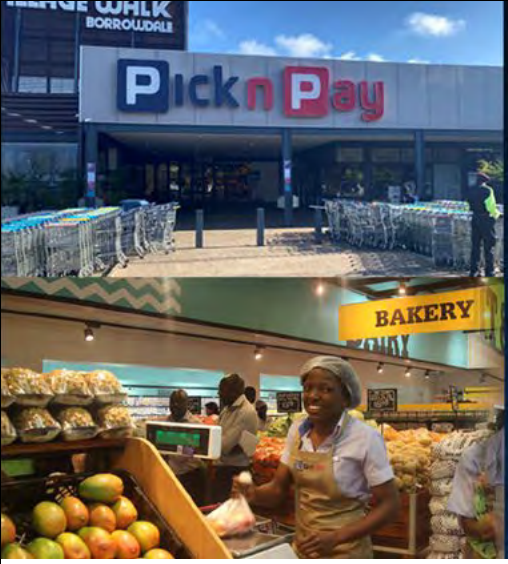


MEIKLES

— LIMITED —

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

CHAIRMAN'S STATEMENT

It gives me pleasure to present the Chairman's Statement for the financial year ended 31 March 2020.

FINANCIAL OVERVIEW

The Group did not anticipate the advent of COVID-19. The impact of the virus has affected the latter part of the financial year under review. It is apparent that the continued impact of the virus will affect the world and Zimbabwe for an unpredictable period into the Group's new financial year.

The Group restructured its finances in recognition of stresses in the local environment. It is fortunate that the structural adjustments will also enable the Group to withstand damages caused by the virus.

The Group decided sometime ago to ensure that it remains in a position to fund capital expansion projects, replacement requirements, provide working capital and be in a position to continue paying dividends to shareholders, without placing adverse pressure on Group resources.

Shareholders are advised that the Group financial restructuring has been successfully implemented. The Group is in a net cash in hand position, but in the process of achieving this position most Group bank borrowings were repaid within the year under review and subsequent to the year-end, the remaining out of term bank borrowings have been repaid. This position has been achieved from normal operating cash flows and puts the Group in an unsurpassed financial position since the dollarisation in 2009.

The sale of the Harare based hotel has increased the Group's total current assets which are substantially more than current liabilities.

FINANCIAL REPORTING

There were two developments during the financial year under review with significant impact to financial reporting: -

IAS 29 - Financial Reporting in Hyperinflationary economies

The Public Accountants and Auditors Board (PAAB) issued a pronouncement in October 2019 indicating that factors and conditions to apply International Accounting Standard (IAS) 29 - Financial Reporting in Hyperinflationary Economies had been met in Zimbabwe. In accordance with IAS 29, historical cost financial information has been restated for changes in general purchasing power of the Zimbabwean Dollar (ZWL). Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Group. The historical cost financial statements have been provided as supplementary information.

Adoption of IFRS 16 - Leases.

The Group adopted International Financial Reporting Standard (IFRS) 16 for the first time on 1 April 2019. The impact of the adoption of IFRS 16 is set out in note 8 of these abridged financial results.

GROUP FINANCIAL PERFORMANCE

The Group delivered strong financial results in a tough operating environment with several impediments. Commentary on financial performance is based on inflation adjusted figures.

Group revenue for continuing operations grew by 6% from ZWL 8.3 billion in 2019 to ZWL 8.8 billion in the year under review.

Profit for the year grew from ZWL 320.6 million in prior year to ZWL 1.4 billion. Growth in Profit for the year was boosted by ZWL 118.7 million profit on disposal of Meikles Hotel.

Total comprehensive income for the year was ZWL 1.1 billion (2019: ZWL 561.4 million), of which ZWL 790.8 million was attributable to the owners of the parent with the remaining balance of ZWL 340.7 million being for minority shareholders.

Segmental contributions to the Group's financial performance is set out in note 5 of these abridged financial results.

REVIEW OF OPERATIONS

Supermarkets - trading as TM Pick n Pay

Revenue increased by 2% over the previous year in inflation adjusted terms. Sales volume declined by 22% due to diminishing customer disposable income over the period.

Profit after tax grew to ZWL 674.8 million from a loss of ZWL 21 million in the previous year. Profit growth was achieved through a focussed approach to margin and operating expenditure control.

The profit after tax was after deducting exchange losses of ZWL 380.6 million. These exchange losses arose from foreign currency denominated liabilities (legacy debt) accumulated prior to introduction of local currency on 22 February 2019. Going forward, there will be no exchange losses as legacy debt exposure has now been eliminated.

Legacy debt reduced to US$ 2.23 million at 31 March 2020 from US$ 13.3 million at the beginning of the financial year. The payment of legacy debt was funded from internally generated funds. After year-end, US$ 0.6 million was paid, leaving the outstanding balance at US$ 1.63 million. In addition, ZWL 1.63 million was remitted to the Reserve Bank of Zimbabwe (RBZ) to complete all processes according to the RBZ's guidelines on blocked funds or "legacy debt" contained in Exchange Control Directive RU28 dated 21 February 2019 and Exchange Control Circular No.8 of 24 July 2019. Accordingly, it is anticipated the RBZ will issue an instrument that will settle US$ 1.63 million without further costs to the segment.

The segment invested ZWL 386.6 million in seven (7) store upgrades and construction of an upmarket mall in Marondera.

The clearance of foreign currency denominated liabilities has well positioned the segment for accelerated store upgrades, branch network expansion, commencement of dividend payment to shareholders and a boost on the working capital front.

Agriculture

Profit after tax was ZWL 157.2 million (2019: ZWL 332 million).

The hailstorm of January 2019, Cyclone Idai in March 2019 as well as very dry and hot September to November 2019 period affected our tea production and ensuing season's macadamia crop. The Company's annual made tea production of 8 319 tonnes (2019: 10 171 tonnes) was reflective of these adverse weather conditions.

International tea prices weakened by 14% from US$ 1.64 per kilogram in prior year to US$ 1.44 per kilogram in the year ended 31 March 2020 due to increased supply of tea by Kenya which has not been matched by corresponding world demand.

The much-needed RBZ authority to increase promotional spend in South Africa has been secured. This will help to support market penetration efforts to grow packed tea exports.

Export earnings from macadamia nuts, avocadoes and coffee grew by 78% from US$ 4.5 million in prior year to US$ 8 million in the year ended 31 March 2020. As a percentage of total exports, these three crops contributed 43% up from 25% in the prior year. Contribution of the high value crops to the Company's export earnings is expected to rise to 60% by March 2022 as the bulk of them reach maturity. In volume terms, macadamia and avocado export sales grew by 129% and 39% respectively.

To mitigate the inefficiencies caused by power shortages in the country, the Company has embarked on a 7.5 Mega Watt solar project covering all estates and Mutare factory. Phases 1 to 3 of the project covering Ratelshoek, Tingamira and Jersey estates are already under implementation. Ratelshoek's 1.8 Mega Watt solar plant is expected to be completed by September 2020. Tingamira's 1.6 Mega Watt and Jersey's 2.0 Mega Watt plants are expected to be completed by December 2020. By end of December 2020 we will have implemented 72% of the project. This project is expected to result in an efficient and integrated power supply system that will give impetus to the growth and maturity of our high value crops and efficient crop processing.

Hospitality

Profit after tax from continuing operations increased to ZWL 184.7 million in the current year from ZWL 72.5 million in the previous year.

The disposal of Meikles Hotel was completed at the end of February 2020 and control was transferred to the buyer in March 2020. The financial results of the hotel for the period up to the date of disposal as well as the profit on disposal are included under discontinued operations.

The refurbishment of The Victoria Falls Hotel was due to commence in April 2020 but has been disrupted by the outbreak of the COVID-19 pandemic. The hotel closed in March 2020 when international travel and tourism stopped as countries implemented travel restrictions and lockdowns to contain the spread of the corona virus.

Properties

Plans to renovate and upgrade the Group's property portfolio are at an advanced stage and the roll out is anticipated to commence during the second half of the forthcoming financial year. Several tenants have expressed interest to lease the properties which had been left vacant following the closure of the Group's departmental stores.

Security Services

Meikles Guard Services fared well during the financial year and was not disrupted by loss of contract when the departmental stores closed. The segment secured additional contracts from third parties during the year.

MEIKLES FOUNDATION

During the year under review, Meikles Foundation played its part in providing much needed help to disadvantaged members of society. Further details on the Foundation's activities are provided in the Annual Report.

CORPORATE SUSTAINABILITY

With the growing call for sustainability following the COVID-19 pandemic, the Group made a strategic decision to realign existing practices with consistent sustainability values across the Group. In doing so, the Group opted to adopt the Global Reporting Initiatives (GRI) Standards as a catalyst and business strategy for re-engineering our value chains for long term business success and sustainable decision making into the future. Sustainability will be the cornerstone for maintaining the Meikles legacy created over a century. Our sustainability strategy will now anchor how our brands compete and deliver value to our customers and stakeholders in our markets. The Group will calibrate practices across all subsidiaries for the successful implementation of the strategy.

DIVIDEND

In view of the Group's financial results for the year ended 31 March 2020, the Board has declared a final dividend of 42.5 ZWL cents per share, bringing the total dividend for the year to 60 ZWL cents. The final dividend will amount to ZWL 111 million. A full dividend announcement will be published separately in due course.

DIRECTORATE

The Board welcomed, Ms Cathrine Chitiyo, Mr Stewart Cranswick and Mr Simon Hammond as Independent Non-Executive Directors of the Company as part of the steps to comply with the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and Statutory Instrument (SI) 134 of 2019 (Zimbabwe Stock Exchange Listings Requirements).

STRATEGY AND OUTLOOK

The financial strategy set out under Financial Overview in this report will continue to be applied during the forthcoming year. The Group is well placed to support its long-term objectives.

Despite the absence of income from Hospitality together with its continuing cost commitments, the Group's profit performance to date for the new financial year is ahead of expectations, but there are uncertainties going forward in terms of risk.

The COVID-19 impact is causing supermarkets to close for periods to facilitate disinfection whenever a case of the disease is identified. The cost of such closures is significant but necessary. Nevertheless, the Group is to continue with its expansion and renovation plans with a focus on both Tanganda and Supermarkets.

The Victoria Falls Hotel is closed and is on care and maintenance basis. Fortunately, the hotel has working capital resources which will enable it to maintain its financial independence well into the next calendar year. Shareholders are advised that the Cape Grace hotel is in the same position

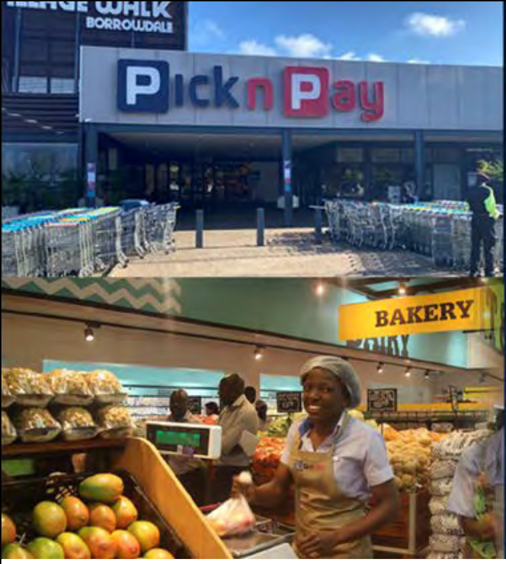
APPRECIATION

I would like to extend my appreciation to our customers as well as suppliers for their continued support and to our shareholders, stakeholders and regulatory authorities for their assistance and guidance. I would also like to extend my thanks and appreciation to fellow Board members, management and staff for their dedication and commitment.

John Moxon

JRT Moxon
Executive Chairman
19 August 2020

Ratelshoek 1.8 Mega Watt Solar Plant



MEIKLES

— L I M I T E D —

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	INFLATION ADJUSTED		HISTORICAL COST*	
	31 Mar 2020 ZWL 000	31 Mar 2019 ZWL 000	**31 Mar 2020 ZWL 000**	31 Mar 2019 ZWL 000
CONTINUING OPERATIONS				
Revenue	**8,835,523**	8,285,324	**4,201,837**	790,828
Net operating costs	**(8,325,514)**	(7,157,752)	**(3,513,677)**	(698,600)
Operating profit	**510,009**	1,127,572	**688,160**	92,228
Investment income	**4,944**	802	**3,807**	43
Finance costs	**(75,119)**	(90,921)	**(38,156)**	(8,432)
Net exchange gains / (losses)	**29,861**	(47,604)	**111,784**	(6,413)
Fair value adjustments on biological assets	**90,312**	49,171	**183,515**	9,433
Net monetary gain / (loss)	**1,174,469**	(688,815)	**-**	-
Profit before tax	**1,734,476**	350,205	**949,110**	86,859
Income tax expense	**(459,521)**	(153,900)	**(230,413)**	(16,845)
Profit for the year from continuing operations	**1,274,955**	196,305	**718,697**	70,014
DISCONTINUED OPERATIONS				
Profit / (loss) for the year from discontinued operations	**118,718**	124,248	**307,969**	(4,056)
PROFIT FOR THE YEAR	**1,393,673**	320,553	**1,026,666**	65,958
Other comprehensive (loss) / income, net of tax				
Items that will not be reclassified subsequently to profit or loss:				
Fair value loss on investments in equity instruments designated as at FVTOCI	**(249,651)**	(74,536)	**(249,651)**	(9,600)
Items that may be reclassified subsequently to profit or loss:				
Exchange rate and monetary adjustments on translation of foreign operations	**(12,608)**	315,355	**606,925**	61,970
Other comprehensive (loss) / income for the year, net of tax	**(262,259)**	240,819	**357,274**	52,370
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,131,414**	561,372	**1,383,940**	118,328
Profit / (loss) for the year attributable to:				
Owners of the parent	**1,053,010**	325,054	**907,868**	53,827
Non-controlling interests	**340,663**	(4,501)	**118,798**	12,131
	1,393,673	320,553	**1,026,666**	65,958
Total comprehensive income / (loss) attributable to:				
Owners of the parent	**790,751**	565,873	**1,265,142**	106,197
Non-controlling interests	**340,663**	(4,501)	**118,798**	12,131
	1,131,414	561,372	**1,383,940**	118,328
Earnings per share in cents				
Basic earnings per share - continuing and discontinued operations	**403.35**	126.76	**347.76**	20.99
Basic earnings per share - continuing operations	**357.88**	78.31	**229.79**	22.57
Diluted earnings per share - continuing and discontinued operations	**378.39**	118.78	**326.24**	19.67
Diluted earnings per share - continuing operations	**335.73**	73.38	**215.57**	21.15
Headline earnings per share - continuing and discontinued operations	**377.25**	127.93	**221.12**	21.43
Headline earnings per share - continuing operations	**360.18**	79.48	**229.63**	23.01
Diluted headline earning per share - continuing and discontinued operations	**353.90**	119.87	**207.44**	20.09
Diluted headline earnings per share - continuing operations	**337.89**	74.47	**215.43**	21.57

**Historical cost financial results are provided only as supplementary information. The primary financial statements are the inflation adjusted results. The auditor's opinion relates only to the inflation adjusted financial results.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	INFLATION ADJUSTED		HISTORICAL COST*	
	31 Mar 2020 ZWL 000	31 Mar 2019 ZWL 000	**31 Mar 2020 ZWL 000**	31 Mar 2019 ZWL 000
ASSETS				
Non-current assets				
Property, plant and equipment	**2,441,525**	2,162,976	**403,617**	172,267
Investment property	**2,938**	2,980	**231**	236
Right of use assets	**399,412**	-	**75,885**	-
Investment in Mentor Africa (Pty) Limited	**171,813**	394,236	**171,813**	50,778
Biological assets	**22,503**	22,547	**22,503**	2,905
Intangible assets	**1,570**	1,570	**124**	124
Other financial assets	**264,369**	304,590	**263,440**	31,847
Deferred tax	**69**	50,845	**20,637**	9,111
Total non-current assets	**3,304,199**	2,939,744	**958,250**	267,268
Current assets				
Inventories	**775,296**	824,382	**565,008**	100,163
Trade and other receivables	**622,101**	316,583	**606,212**	40,471
Biological assets – produce on bearer plants	**187,052**	86,785	**187,052**	11,178
Other financial assets	**3,543**	354	**3,543**	9
Cash and bank balances	**262,469**	256,255	**262,469**	33,006
	1,850,461	1,484,359	**1,624,284**	184,827
Assets held for sale	**388**	380,983	**9**	30,032
Total current assets	**1,850,849**	1,865,342	**1,624,293**	214,859
Total assets	**5,155,048**	4,805,086	**2,582,543**	482,127
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	**32,854**	32,854	**2,611**	2,611
Share premium	**40,997**	40,997	**3,925**	3,925
Other reserves	**(34,362)**	564,409	**395,603**	64,929
Retained earnings	**2,735,739**	1,428,204	**1,020,252**	131,914
Equity attributable to equity holders of the parent	**2,775,228**	2,066,464	**1,422,391**	203,379
Non-controlling interests	**835,177**	461,908	**177,063**	48,999
Total equity	**3,610,405**	2,528,372	**1,599,454**	252,378
Non-current liabilities				
Borrowings	**29,314**	95,063	**29,314**	12,244
Deferred tax	**649,576**	596,360	**88,022**	25,617
Lease liabilities	**91,527**	-	**91,527**	-
Total non-current liabilities	**770,417**	691,423	**208,863**	37,861
Current liabilities				
Trade and other payables	**736,775**	1,185,296	**736,775**	140,368
Borrowings	**30,788**	399,995	**30,788**	51,520
Lease liabilities	**6,663**	-	**6,663**	-
Total current liabilities	**774,226**	1,585,291	**774,226**	191,888
Total liabilities	**1,544,643**	2,276,714	**983,089**	229,749
Total equity and liabilities	**5,155,048**	4,805,086	**2,582,543**	482,127

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

INFLATION ADJUSTED

	Share capital ZWL 000	Share premium ZWL 000	Other reserves ZWL 000	Investments revaluation ZWL 000	Retained earnings ZWL 000	Attributable to owners of parent ZWL 000	Non-controlling interests ZWL 000	Total ZWL 000
2020								
Balance at 1 April 2019	**32,854**	**40,997**	**638,945**	**(74,536)**	**1,428,204**	**2,066,464**	**461,908**	**2,528,372**
Profit for the year	**-**	**-**	**-**	**-**	**1,053,010**	**1,053,010**	**340,663**	**1,393,673**
Transfer from non-distributable reserves	**-**	**-**	**(336,512)**	**-**	**336,512**	**-**	**-**	**-**
Other comprehensive income / (loss) for the year	**-**	**-**	**(12,608)**	**(249,651)**	**-**	**(262,259)**	**-**	**(262,259)**
Dividend paid – ordinary shareholders	**-**	**-**	**-**	**-**	**(81,987)**	**(81,987)**	**-**	**(81,987)**
Non-controlling interests arising from Mopani Property Development (Private) Limited	**-**	**-**	**-**	**-**	**-**	**-**	**32,606**	**32,606**
Balance at 31 March 2020	**32,854**	**40,997**	**289,825**	**(324,187)**	**2,735,739**	**2,775,228**	**835,177**	**3,610,405**
2019								
Balance at 1 April 2018 as restated	32,406	18,582	323,590	-	1,128,057	1,502,635	458,484	1,961,119
Profit / (loss) for the year	-	-	-	-	325,054	325,054	(4,501)	320,553
Issue of shares – scrip dividend	448	22,415	-	-	-	22,863	-	22,863
Dividend paid – ordinary shareholders	-	-	-	-	(24,907)	(24,907)	-	(24,907)
Other comprehensive income / (loss) for the year	-	-	315,355	(74,536)	-	240,819	-	240,819
Non-controlling interests arising from Mopani Property Development (Private) Limited	-	-	-	-	-	-	7,925	7,925
Balance at 31 March 2019	32,854	40,997	638,945	(74,536)	1,428,204	2,066,464	461,908	2,528,372

HISTORICAL COST*

	Share capital ZWL 000	Share premium ZWL 000	Other reserves ZWL 000	Investments revaluation ZWL 000	Retained earnings ZWL 000	Attributable to owners of parent ZWL 000	Non-controlling interests ZWL 000	Total ZWL 000
2020								
Balance at 1 April 2019	**2,611**	**3,925**	**74,529**	**(9,600)**	**131,914**	**203,379**	**48,999**	**252,378**
Profit for the year	**-**	**-**	**-**	**-**	**907,868**	**907,868**	**118,798**	**1,026,666**
Transfer from non-distributable reserves	**-**	**-**	**(26,600)**	**-**	**26,600**	**-**	**-**	**-**
Other comprehensive income / (loss) for the year	**-**	**-**	**606,925**	**(249,651)**	**-**	**357,274**	**-**	**357,274**
Dividend paid – ordinary shareholders	**-**	**-**	**-**	**-**	**(46,130)**	**(46,130)**	**-**	**(46,130)**
Non-controlling interests arising from Mopani Property Development (Private) Limited	**-**	**-**	**-**	**-**	**-**	**-**	**9,266**	**9,266**
Balance at 31 March 2020	**2,611**	**3,925**	**654,854**	**(259,251)**	**1,020,252**	**1,422,391**	**177,063**	**1,599,454**
2019								
Balance at 1 April 2018 as restated	2,562	1,469	12,559	-	81,160	97,750	36,241	133,991
Profit for the year	-	-	-	-	53,827	53,827	12,131	65,958
Issue of shares – scrip dividend	49	2,456	-	-	-	2,505	-	2,505
Other comprehensive income / (loss) for the year	-	-	61,970	(9,600)	-	52,370	-	52,370
Dividend paid – ordinary shareholders	-	-	-	-	(3,073)	(3,073)	-	(3,073)
Non-controlling interests arising from Mopani Property Development Private) Limited	-	-	-	-	-	-	627	627
Balance at 31 March 2019	2,611	3,925	74,529	(9,600)	131,914	203,379	48,999	252,378

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	INFLATION ADJUSTED		HISTORICAL COST*	
	31 Mar 2020 ZWL 000	31 Mar 2019 ZWL 000	**31 Mar 2020 ZWL 000**	31 Mar 2019 ZWL 000
Cash flows from operating activities				
Profit / (loss) before tax – continuing operations	**1,734,476**	350,205	**949,110**	86,859
– discontinued operations	**147,633**	127,620	**336,884**	(4,231)
	1,882,109	477,825	**1,285,994**	82,628
Adjustments for:				
- Depreciation and impairment of property, plant and equipment; investment property and right-of-use assets	**231,255**	155,987	**36,266**	14,376
- Net interest	**74,379**	97,114	**35,621**	8,591
- Net exchange (gains) / losses	**(20,038)**	52,425	**(108,886)**	7,031
- Fair value adjustments on biological assets	**(90,312)**	(49,171)	**(183,515)**	(9,433)
- Reversal of impairment of other financial assets	**(3,324)**	-	**(3,324)**	-
- (Profit) / loss on disposal of property, plant and equipment – continuing operations	**(3,033)**	241	**(2,731)**	42
- (Profit) / loss on disposal of property, plant and equipment – discontinued operations	**(74,157)**	420	**(330,192)**	17
Operating cash flow before working capital changes	**1,996,879**	734,841	**729,233**	103,252
Decrease / (increase) in inventories	**49,086**	(4,781)	**(464,845)**	(56,293)
Increase in trade and other receivables	**(98,874)**	(64,668)	**(359,102)**	(11,522)
(Decrease) / increase in trade and other payables	**(717,365)**	(42,562)	**301,070**	34,088
Cash generated from operations	**1,229,726**	622,830	**206,356**	69,525
Income taxes paid	**(271,271)**	(148,807)	**(62,905)**	(18,038)
Net cash generated from operating activities	**958,455**	474,023	**143,451**	51,487
Cash flows from investing activities				
Payment for property, plant and equipment	**(492,592)**	(182,057)	**(258,175)**	(41,870)
Proceeds from disposal of property, plant and equipment	**464,845**	3,256	**364,749**	355
Net movement in service assets	**(497)**	429	**(141)**	51
Net movement in other investments	**3,551**	83	**3,352**	11
Net movement on biological assets	**(9,911)**	(10,977)	**(11,957)**	(541)
Investment income	**1,414**	796	**276**	43
Net cash (used in) / generated from investing activities	**(33,190)**	(188,470)	**98,104**	(41,951)
Cash flows from financing activities				
Net decrease in interest bearing borrowings	**(434,956)**	(432,018)	**(3,662)**	(9,518)
Non-controlling interests arising from Mopani Property Development (Private) Limited	**32,606**	7,925	**9,266**	627
Finance costs	**(79,326)**	(97,928)	**(39,429)**	(8,635)
Lease payments	**11,206**	-	**11,206**	-
Dividend paid – ordinary shareholders	**(46,724)**	(2,046)	**(16,743)**	(568)
Net cash used in financing activities	**(517,194)**	(524,067)	**(39,362)**	(18,094)
Net increase / (decrease) in cash and bank balances	**408,071**	(238,514)	**202,193**	(8,558)
Cash and bank balances at the beginning of the year	**256,255**	432,348	**33,006**	34,175
Translation of foreign entity	**(71,084)**	110,657	**4,617**	1,646
Net effect of exchange rate changes on cash and bank balances	**(66,196)**	117,487	**22,653**	5,743
Effects of inflation adjustments	**(264,577)**	(165,723)	**-**	-
Cash and bank balances at the end of the year	**262,469**	256,255	**262,469**	33,006

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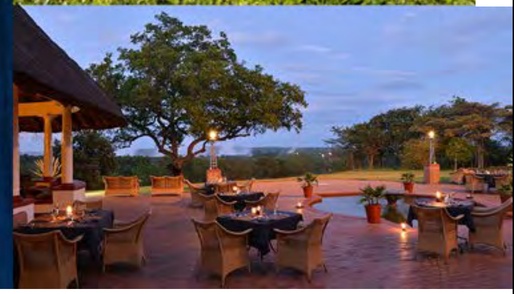
MEIKLES
— L I M I T E D —

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

Columbus DDB

NOTES TO THE ABRIDGED AUDITED FINANCIAL RESULTS

1. Basis of preparation

The abridged audited financial results are prepared from statutory records that are maintained under the historical cost basis except for biological assets and certain financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The historical costs have been adjusted for the effects of applying International Accounting Standard ("IAS") 29 – 'Financial Reporting in Hyperinflationary Economies'. Refer to note 2.2 for further details.

2. Accounting policies

Accounting policies and methods of computation applied in the preparation of these abridged financial results are consistent, in all material respects, with those used in the prior year. New applicable standards and improvements which became effective in the current year have been complied with.

2.1 Functional and presentation currency

On 22 February 2019, the Company and its subsidiaries changed their functional currency from the US$ to the RTGS$ following the promulgation of Statutory Instrument 33 of 2019 (SI 33/19). SI 33/19 prescribed exchange rates and treatment of foreign currency transactions which conflicted with IAS 21 – 'The Effects of Changes in Foreign Exchange Rates'.

The Group opted to comply with SI 33/19 in translating foreign currency denominated transactions conducted from October 2018 to 22 February 2019. The decision to comply with SI 33/19 restricted full compliance with IAS 21. The Group's deviation from IAS 21 was not intentional but was necessitated by the requirement to comply with laws and regulations within Zimbabwe. In the current year, the Group has appropriately accounted for foreign currency transactions. However, the comparative statement of profit or loss and other comprehensive income and statement of cash flows have USD transactions between the period 1 October 2018 and 22 February 2019 which were translated at a rate of US$1: ZWL1.

2.2 Hyperinflation

On 11 October 2019, the Public Accountants and Auditors Board ("PAAB") issued a pronouncement on the application of IAS 29. The pronouncement requires that entities operating in Zimbabwe with financial periods ending on or after 1 July 2019, prepare and present financial statements in line with the requirements of IAS 29.

The Directors have made appropriate adjustments to reflect the changes in the general purchasing power on the ZWL and for the purposes of fair presentation in accordance with IAS 29, these changes have been made on the historical cost financial information. Various assumptions have been made, with the significant assumption being the use of the consumer price indices ("CPI"), for the various years. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Group. The historical cost financial results are provided as supplementary information and as a result the auditors have not expressed an opinion on them.

The source of the price indices used was the Reserve Bank of Zimbabwe website. Below are the indices and adjustment factors used up to 31 March 2020:

	Indices	Adjustment Factor
CPI as at 31 March 2020	810.40	1.00
CPI as at 31 March 2019	104.38	7.76
CPI as at 1 October 2018 (for opening balances)	64.06	12.65
Average CPI 2020	382.91	
Average CPI 2019	77.18	

3. Going concern

The Directors assess the ability of the Group to continue in operational existence in the foreseeable future at each reporting date. As at 31 March 2020, the Directors have assessed the Group's ability to continue operating as a going concern and believe that the preparation of these financial results on a going concern basis is still appropriate.

The Group's segments have put in place various measures to mitigate the adverse impact of COVID-19 pandemic to the businesses. Apart from the hospitality segment, the rest of the Group segments are operating as they are classified as part of essential services. Their trading performance for three months to June 2020 is not significantly different from the period prior to outbreak of the pandemic. The hospitality segment closed at the end of March 2020 and its date of reopening remains uncertain. Both the hospitality segment and the Group have cash resources to fund operations for a prolonged period of care and maintenance.

4. Audit opinion

These abridged financial results should be read in conjunction with the complete set of financial statements for the year ended 31 March 2020, which have been audited by Deloitte & Touche Chartered Accountants (Zimbabwe) in accordance with International Standards on Auditing. The auditors issued a qualified opinion on the financial statements for the carryover effects of non-compliance with IAS 21 – 'The Effects of Changes in Foreign Exchange Rates' from the prior year. The audit report includes a section on Key Audit Matters. The Key Audit Matters are on valuation of investment in Mentor Africa (Pty) Limited and valuation of biological assets. The auditor's report is available for inspection at the Company's registered address. The Engagement Partner responsible for the audit was Charity Mtwazi.

5. Segment information

	INFLATION ADJUSTED		HISTORICAL COST*	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Revenue – continuing operations				
Supermarkets	7,954,179	7,827,634	3,819,565	747,338
Agriculture	719,593	389,051	321,456	37,015
Hotels	198,899	96,722	79,263	9,101
Corporate*	(37,148)	(28,083)	(18,447)	(2,626)
	8,835,523	8,285,324	4,201,837	790,828
Profit after tax – continuing operations				
Supermarkets	674,849	(21,047)	240,262	24,788
Agriculture	157,159	332,016	387,011	40,428
Hotels	184,747	72,544	125,417	9,280
Corporate*	258,200	(187,208)	(33,993)	(4,482)
	1,274,955	196,305	718,697	70,014
Segment assets				
Supermarkets	2,550,143	2,042,532	938,668	204,081
Agriculture	1,396,472	1,247,548	635,265	120,763
Hotels	686,453	629,818	547,585	54,930
Corporate*	521,980	885,188	461,025	102,353
	5,155,048	4,805,086	2,582,543	482,127
Segment liabilities				
Supermarkets	963,254	1,163,097	593,171	108,112
Agriculture	296,449	292,586	172,704	33,385
Hotels	148,805	227,540	143,733	26,761
Corporate*	136,135	593,491	73,481	61,491
	1,544,643	2,276,714	983,089	229,749

*Included in the corporate revenue amount is an adjustment of ZWL62.3 million (2019: ZWL55.5 million); (Historical cost ZWL30 million (2019: ZWL5.2 million) against revenue in respect of inter-segment sales. Inter-company balances have been eliminated in the corporate amounts. Corporate also includes other operating segments that are immaterial to warrant separate disclosure.

The accounting policies of the reportable segments are the same as the Group's accounting policies disclosed under significant accounting policies.

5.1 Discontinued operations

Meikles Hotel

The Group disposed of Meikles Hotel as a going concern. The disposal included the property, plant and equipment and transfer of employees. The disposal was effected on the 1st of March 2020, on which date control of the hotel passed. The summary of the profit / (loss) position from the discontinued operation and details of assets and liabilities disposed of are as set out below.

Greatermans Stores

The group exited the departmental stores segment during the first quarter of the financial year. The results of the departmental stores for the current year are disclosed as discontinued operations. The summary of the profit / (loss) position from the discontinued operation and details of assets and liabilities disposed of are as set out below.

The prior year comparative financial information from discontinued operations has been re-presented to include the operations classified as discontinued in the current period.

	INFLATION ADJUSTED		HISTORICAL COST*	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Profit / (loss) for the period from discontinued operations				
Revenue	225,566	160,540	91,550	15,377
Net operating costs	(187,222)	(200,213)	(83,978)	(19,339)
Other operating income	6,601	10,089	3,290	563
Operating profit / (loss)	44,945	(29,584)	10,862	(3,399)
Investment income	2	12	1	1
Interest expense	(4,206)	(7,007)	(1,273)	(198)
Exchange gains	(9,823)	(4,821)	(2,898)	(618)
Profit / (loss) on disposal of property, plant and equipment	74,157	(420)	330,192	(17)
Net monetary adjustment	42,558	169,440	-	
Profit / (loss) before tax	147,633	127,620	336,884	(4,231)
Taxation	(28,915)	(3,372)	(28,915)	175
Profit / (loss) for the year from discontinued operations	118,718	124,248	307,969	(4,056)
Cash flows from discontinued operations				
Net cash outflows from operating activities	(504,675)	(136,644)	(364,449)	(10,020)
Net cash flows from investing activities	547,387	104,127	359,274	2
Net cash flows from financing activities	(71,335)	39,849	12,901	12,050
Net cash flows from discontinued operations	(28,623)	7,332	7,726	2,032

Analysis of assets disposed of

	INFLATION ADJUSTED	HISTORICAL COST
	31 Mar 2020	31 Mar 2019
	ZWL 000	ZWL 000
Non-current assets		
Property, plant and equipment	(385,401)	(31,546)
Net assets disposed of	(385,401)	(31,546)
Proceeds on disposal	459,558	361,738
Profit on disposal of operation	74,157	330,192

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
6. Other information				
Capital commitments authorised but not contracted for	1,339,413	922,167	1,339,413	118,836
Group's share of capital commitments of joint operation	110,245	94,602	110,245	12,191
7. Net borrowings				
Non-current borrowings	29,314	95,063	29,314	12,244
Current borrowings	30,788	399,995	30,788	51,520
Total borrowings	60,102	495,058	60,102	63,764
Cash and cash equivalents	(262,469)	(256,255)	(262,469)	(33,006)
Net (cash) / borrowings	(202,367)	238,803	(202,367)	30,758
Comprising:				
Secured	41,937	452,981	41,937	56,622
Unsecured	18,165	42,077	18,165	7,142
	60,102	495,058	60,102	63,764

7.1 Breach of loan covenants

During the course of the current year, the Group was in default on some of its loan covenants with lenders. These defaults were carried over from prior years. Subsequent to year end all past due loans were expunged.

8. Implementation of IFRS 16

The Group has applied the new IFRS 16 that is effective for the current year. The Group used the modified retrospective approach, with no adjustment to equity and no restatement of the comparative information. IFRS 16 allows for the recognition of right of use asset and lease liability and the impact of the adoption of IFRS 16 on the Group's consolidated financial statements is set out below:

8.1 Right of use assets

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Opening carrying value	-	-	-	-
Additions	424,059	-	86,984	-
Depreciation	(24,647)	-	(11,099)	-
Closing carrying value	399,412	-	75,885	-
Comprising				
Cost	424,059	-	86,984	-
Accumulated depreciation	(24,647)	-	(11,099)	-
	399,412	-	75,885	-

The Group's leases include leases of offices, retail stores and residential property in Zimbabwe.

8.2 Lease liabilities

	INFLATION ADJUSTED		HISTORICAL COST	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	ZWL 000	ZWL 000	ZWL 000	ZWL 000
Opening balance	-	-	-	-
Additions	86,984	-	86,984	-
Interest expense	28,630	-	28,630	-
Rental payments	(17,424)	-	(17,424)	-
	98,190	-	98,190	-
Less current portion	(6,663)	-	(6,663)	-
Non-current portion	91,527	-	91,527	-
Maturity profile				
On demand	6,663	-	6,663	-
Between one and two years	6,446	-	6,446	-
Between two and three years	6,830	-	6,830	-
Between three and four years	8,899	-	8,899	-
Between four and five years	7,388	-	7,388	-
After five years	61,964	-	61,964	-
	98,190	-	98,190	-

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Independent Auditor's Report
To the Shareholders of Meikles Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements

Opinion

We have audited the inflation adjusted consolidated financial statements of Meikles Limited and its subsidiaries ("the Group"), set out on pages 14 to 63, which comprise the inflation adjusted consolidated statement of financial position as at 31 March 2020, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, the inflation adjusted consolidated statement of changes in equity and the inflation adjusted consolidated statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Businesses Entities Act (Chapter 24:31), the relevant Statutory Instruments ("SI") SI33/99 and SI62/96.

Basis for Qualified Opinion

Impact of incorrect date of application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" on comparative financial information

On 20 February 2019, a currency called the RTGS Dollar was legislated 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 the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates":

- The Group transacted using a combination of United States Dollars (USD), bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.
- In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand).

Independent Auditor's Report
To the Shareholders of Meikles Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Basis for Qualified Opinion (continued)

Impact of incorrect date of application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" on comparative financial information (continued)

Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity.

For the period up to 22 February 2019, the Group maintained its functional currency as the USD, with transactions and balances reflected using an exchange rate of 1:1 in compliance with S1 33/19. From 22 February 2019, balances and transactions were retranslated at the legislated inaugural exchange rate of 1:2.5 between the USD and the ZWL in compliance with the requirements of SI33/19.

Whilst the timing of this conversion was in line with the dictates of SI 33/19 it constituted a departure from the requirements of IAS 21, and therefore the 2019 financial statements were not prepared in conformity with IFRS. Had the Group applied the requirements of IAS 21, the 31 March 2019 comparative inflation adjusted consolidated financial statements would have been materially impacted. The financial effects of this departure on the inflation adjusted consolidated financial statements have not been determined.

Our opinion on the current year's inflation adjusted consolidated financial statements is modified because of the possible effects of the matter on comparability of the current year's inflation adjusted consolidated financial statements with that of the prior year.

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

Emphasis of Matter
We draw attention to Note 38.3 of the inflation adjusted consolidated financial statements, which describes uncertainties related to the COVID-19 outbreak on the Group and its inability to quantify the possible impact. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters below to be the key audit matters.

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Valuation of investment in Mentor Africa (Pty) Limited</th></tr>
<tr><td>
As disclosed in note 4.2.7 of the inflation adjusted consolidated financial statements, the investment in Mentor Africa (Pty) Limited ("Mentor") is carried at fair value through other comprehensive income.
The fair value of Mentor was determined to be ZWL171 813 000 as at 31 March 2020 (31 March 2019: ZWL394 236 000). In assessing the fair value, the Directors use a variety of methods and made assumptions that were based on market conditions existing at reporting period and this included the impact of the COVID-19 pandemic on the valuation.
The valuation of Mentor was considered a key audit matter due to the complexity involved in the valuation process. The significant judgement and assumptions made by the Directors involved:

Determination of the maintainable future earnings;
The marketability discount applied to determining a non-marketable value for Mentor; and
The weightings applied to the various valuation methods.

The related disclosures for the investment in Mentor are included in notes 4.1.1. , 4.2.7, 19 and 38.3 of the inflation adjusted consolidated financial statements.
</td><td>
We performed a number of procedures including the following:

Tested the design and implementation of the key controls over the valuation process;
Evaluated management's independent external valuer's competence, capabilities and objectivity;
Performed detailed testing on a sample of the input data provided by management to the external valuer; and
Using our own internal specialists, performed the following:

A detailed examination of the valuation methodologies and models adopted by management and assessed the appropriateness of these against market practice and prior year methods.
Assessed whether inputs and assumptions used fall within an acceptable range based on relevant knowledge and experience of the market; and
Performed an independent valuation and compared with management's valuation.

Inspected the inflation adjusted consolidated financial statements for adequate disclosures of the assumptions, judgments and various inputs to the valuation.

We assessed the valuation methodologies applied to be appropriate. The valuation of the investment in Mentor is within an acceptable range.
</td></tr>
</table>

Independent Auditor's Report
To the Shareholders of Meikles Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><th colspan="2">Valuation of biological assets</th></tr>
<tr><td>As disclosed in note 3.20 of the inflation adjusted consolidated financial statements, the Group's biological assets are measured at fair value. The value of biological assets as at 31 March 2020 is ZWL209 555 000 (31 March 2019: ZWL109 332 000).

The key data inputs into the valuation models are:
• Expected yields; and
• Average selling prices less costs to sell for produce growing on the bearer plants at period end.

Due to the significance of the estimation involved in determining the fair value of biological assets, this has been included as a key audit matter.

The disclosures relating to the accounting policy and key sources of estimation are contained in notes 3.20, 20 and 4.2.2 of the inflation adjusted consolidated financial statements and the presentation of the biological assets is disclosed in note 20.</td><td>In responding to the identified matter, our procedures included the following:
• Tested the design and implementation of the key controls over the valuation process;
• Assessed the consistency and challenged the reasonability of assumptions used in the Directors' valuation model to determine the value of biological assets.
• Tested a selection of key data inputs underpinning the carrying value of biological assets including estimated yields and selling prices, against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof.
• We assessed the reliability of the Directors' estimated yields through a comparison of actual results in the current year against forecasts made in the current year;
• We reviewed management's assessment of the impact of COVID-19 on the entity's biological assets;
• We performed an independent assessment of the impact of COVID-19 on pricing of the entity's products; and
• Evaluated the financial statement disclosures for appropriateness and adequacy.

We found the recognition and measurement of biological assets and bearer plants to be appropriate.

We found the disclosures to be detailed and complete.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's Statement, Directors Responsibility, Group Structure, Corporate information and the historical cost consolidated financial information which we obtained prior to the date of this auditor's report and the Corporate Governance, Report on Directors, Company Statement of profit or loss and other comprehensive income, Company statement of financial position, Notes to the company financial statements and other reports which are expected to be made available to us after that date. The other information does not include the inflation adjusted consolidated financial statements and our auditor's report thereon.

Independent Auditor's Report
To the Shareholders of Meikles Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Other Information (continued)

Our opinion on the inflation adjusted consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, the Group changed their functional currency to the RTGS$ effective 22 February 2019. The date of change in functional currency that complies with IFRS is 1 October 2018. Consequently, our opinion on the current period's financial results is modified because of the possible effects of the matter on the comparability of the current year's financial results with that of the prior year. We have determined that the other information is misstated for that reason.

Responsibilities of the directors for the Inflation Adjusted Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Businesses Entities Act (Chapter 24:31), the relevant statutory instruments (SI 33/99, SI 33/19 and SI 62/96), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated 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 Inflation Adjusted Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated 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 inflation adjusted consolidated financial statements.

Independent Auditor's Report
To the Shareholders of Meikles Limited

Report on the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements (continued)
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 inflation adjusted consolidated 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 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 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 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 inflation adjusted consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Charity Mtwazi.

Independent Auditor's Report
To the Shareholders of Meikles Limited

Report on Other Legal and Regulatory Requirements
In our opinion, these financial statements have been prepared in accordance with the disclosure requirements of the Companies and Business Entities Act (Chapter 24:31) and the relevant statutory instruments (SI33/99 and SI 162/96).

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Charity Mtwazi
Partner
Registered Auditor
PAAB Certificate Number: 0585

21 August 2020

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MEIKLES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Meikles Limited and its subsidiaries ("the Group") set out on pages 13 to 58 which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, the financial statements do not present fairly, the consolidated statement of financial position of Meikles Limited as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act (Chapter 24:03), the relevant Statutory Instruments ("SI") SI33/99 and SI 62/96.

Basis for Adverse Opinion

The Group transacted using a combination of United States Dollars (USD), bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand). Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled.

As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity. These events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates."

As a result of these factors the directors performed an assessment on the functional currency of the Group in accordance with IAS 21 and acknowledged that the functional currency of the Group is no longer USD.

On 20 February 2019, a currency called the RTGS Dollar was legislated 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 the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes as currency.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MEIKLES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Basis for Adverse Opinion (continued)

The Directors used the same date to effect the change in functional currency. Because the Group transacted using a combination of United States Dollars (USD), bond notes and coins, Real Time Gross Settlement (RTGS) system and mobile money platforms during the period from 1 October 2018 to 22 February 2019, the decision to change the functional currency on 22 February 2019 in accordance with SI 33/19 results in material misstatement to the financial performance and cash flows of the Group, as transactions denominated in USD were not appropriately translated during that period. Had the Group applied the requirements of IAS 21, many of the elements of the accompanying consolidated financial statements would have been materially impacted and therefore the departure from the requirements of IAS 21 is considered to be pervasive. The financial effects on the consolidated financial statements of this departure have not been determined.

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

Material Uncertainty Related to Going Concern

We draw attention to note 4.2.1 in the financial statements which indicates that as at 31 March 2019, the Group's current liabilities exceeded its current assets by US$7.1 million (2018: US$36.7 million) and that the Group had defaulted on certain commitments to lenders and creditors including statutory obligations. These conditions as set out in note 4.2.1, along with other matters relating to litigation and contingencies as set out in note 34 indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not further modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Adverse Opinion* section of our report and the *Material Uncertainty Related to Going Concern section*, we have determined the matters described below to be the key audit matters.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MEIKLES LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How the matter was addressed in the audit
Valuation of expected credit losses on financial assets	
The Group adopted the new and complex accounting standard (IFRS 9: Financial Instruments) on 1 April 2018. This standard introduced impairment based on expected credit losses, rather than the incurred loss model previously applied under IAS 39. The closing impairment allowances reflected in the statement of financial position as at 31 March 2019 and determined in accordance with IFRS 9 amounts to RTGS$3,9 million split as follows: - Trade and other receivables RTGS$2,7 million (note 23); and - Other financial assets RTGS$1,2 million (note 21) This was considered a key audit matter as the determination of the expected credit losses (ECL) requires significant judgment. The key areas where we identified greater levels of Director's judgement and therefore increased levels of audit focus in the Group's implementation of IFRS 9 included: • The interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Group's expected credit loss model; • Assumptions used in the expected credit loss such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors (e.g. exchange rates, gross domestic rates, interest rates, gross domestic product growth, inflation); and • The identification of exposures with a significant deterioration in credit quality. Note 3 and 4 to the financial statements includes details on the accounting policies and judgements applied with respect to the expected credit losses. Note 23 further provides detailed information around the determination of the expected credit losses.	*General procedures* • Tested the design and implementation of controls with respect to the determination of the expected credit losses; • Performed an assessment of the modelling techniques and methodology used against the requirements of IFRS 9; • Obtained an understanding of the work performed by the Group's credit expert in determination of the expected credit losses; • Performed procedures to ensure the competence, objectivity and independence of the Group's expert; *Procedures performed with respect to trade and other receivables* • Tested assumptions used in the ECL calculations and assessed for reasonability; • Tested the completeness of trade and other receivables included in the ECL calculations; • Assessed consistency of inputs and assumptions used by the Group's management to determine impairment provisions; • Tested the accuracy and completeness of data inputs used in the determination of the ECL; • Where applicable, reviewed the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages; • For a sample of exposures, tested the appropriateness and of the Group's staging, where applicable; • Reviewed the appropriateness of the opening balance adjustments. *Procedures performed around other financial assets* • Tested assumptions used in the ECL calculations and assessed for reasonability as follows: - Where applicable, inspected agreements and contracts regulating the balances and obtained confirmations of balances ; - Inspected resolutions and signed agreements where there was a change / resolution of pending issues in current year; - Where balances are secured, assessed adequacy of securities pledged; - Considered the appropriateness of related party disclosures in terms of International Accounting Standard 24- Related party disclosures.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of investment in Mentor Africa (Pty) Limited</td></tr>
<tr><td>The adoption of IFRS 9: Financial Instruments also required the re-assessment of the classification of investments held by the Group. As disclosed in note 4.2.7, the investment in Mentor Africa (Pty) Limited is now carried at fair value through other comprehensive income. This was previously carried at cost, with an annual reassessment for impairment.

As disclosed in note 18, the carrying amount of the investment was determined to be RTGS$50,8 million.

The determination of the fair value involved the use of valuation experts and numerous methodology as guided by International Accounting Standard 13- Fair Value measurement.

This was considered a key audit matter due to the significant judgement and assumptions made by the Directors which involved:
• The appropriateness of the methodology used;
• The suitability of the comparable entity used and related adjustments to cater for the non-tradability of the entity’s shares.

Note 4.2.7 to the financial statements includes details on the accounting policies applied with respect to the expected credit losses. Note 18 further provides detailed information with respect to the determination of the carrying amount.</td><td>We performed a number of procedures including the following:
• Assessed the appropriateness of the classification of the investment as required by IFRS 9;
• Evaluated the independent external valuer’s competence, capabilities and objectivity;
• Checked, on a sample basis, the accuracy and relevance of the input data provided by management to the external valuer;
• Using our internal valuation experts, we performed the following:
- A detailed examination of the valuation methodologies and models adopted by the Directors and assessed the appropriateness of these against market practice and our prior experience;
- Where inputs and assumptions were not observable in the market, we critically assessed whether they fell within an acceptable range based on relevant knowledge and experience of the market;
- We performed an independent valuation of a sample of positions and compared with the Directors’ valuation. We assessed whether any resultant differences in outcomes arising were within a reasonable range of outcome; and
• Inspected the consolidated financial statements for adequate disclosures of the assumptions, judgments and various inputs to the valuation.</td></tr>
</table>

Other Information

The Directors are responsible for the other information. The other information comprises the Chairman’s statement, Corporate Governance, Report of Directors as required by the Companies Act (Chapter 24:03), Director’s Responsibility for Financial Reporting, Key performance measures, Shareholders Information, Group Structure, Tax issues and share prices, Corporate Information, Notice of Meeting, Form of Proxy and Instructions for signing and lodging the form of proxy, which we obtained prior to the date of this auditor’s report and the Annual Report which is expected to be made available to us after the date. The other information does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the 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 consolidated statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group changed their functional currency to the RTGS$ effective 22 February 2019. The date of change in functional currency that complies with IFRS is 1 October 2018. Consequently the USD transactions between the period 1 October 2018 to 22 February 2019 do not comply with the requirements of IAS 21 as they have not been appropriately translated. We have determined that the other information is misstated for that reason.

When we read the other information obtained after the date of the auditor's report, if we conclude that there is a material mistatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act (Chapter 24:03), the relevant statutory instruments (SI 33/99, SI 33/19 and SI 62/96), and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 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.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MEIKLES LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 consolidated 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Charity Mtwazi.

Deloitte & Touche

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Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Charity Mtwazi
Partner
Registered Auditor
PAAB Practice Certificate Number: 0585

Date: 18 July 2019