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FINANCIAL STATEMENTS

Notice To Shareholders

Notice is hereby given that the 80th Annual General Meeting of starafricacorporation limited will be held at the Head Office of starafricacorporation limited, 45 Douglas Road, Workington, Harare on Monday 29 September 2014 at 11:30am for the following purposes:

ORDINARY BUSINESS

1. Financial Statements

To receive and approve the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2014.

2. Resignation of Director

To note the resignation of Dr J Kanyekanye from the Board subsequent to year end, on 6 May 2014.

3. Re-election of Directors

To elect Directors who retire by rotation, in terms of Article 100 of the Articles of Association of the Company. Messrs K Chibota and J S Mutizwa retire by rotation and being eligible offer themselves for re- election.

4. Directors' Remuneration

To approve fees paid to directors for the year ended 31 March 2014.

5. Auditors

To approve the remuneration of the independent auditors for the year ended 31 March 2014 and to reappoint auditors for the ensuing year.

Messrs Ernst and Young have indicated their willingness to continue as Independent Auditors to the Company for the ensuing year.

SPECIAL BUSINESS

6. Ratification of Borrowings In Excess of Authorised Limits

As an ordinary resolution, to ratify the Company's excess borrowings in accordance with Article 87 of the Company's Articles of Association.

Every member entitled to attend and vote at this Meeting is entitled to appoint one or more proxies to attend and vote and speak instead of him. A proxy need not be a member of the Company. A member wishing to appoint a proxy must lodge the completed proxy form at the Registered Office of the Company at least 48 hours before the Meeting.

By Order Of The Board

A.J Musemburi
COMPANY SECRETARY
4 September 2014

45 Douglas Road
Workington
P O Box ST396
Southerton
Harare

Directorate, Management and Professional Advisors

Board of Directors

J. S. Mutizwa	[Non Executive Chairman]	S. M. Mushiri	[Chief Executive]
K. Chibota	[Non Executive Director]	R. J. Mbire	[Non Executive Director]
H. Chikova	[Non Executive Director]	J. Kanyekanye	[Non Executive Director]
T. N. Chiganze	[Non Executive Director]	R. Mutyiri	[Finance Director]
R. Njanike	[Alternate]		

Management

M. S. Mushiri	[Chief Executive]	S. Mazambani	[Internal Audit Manager]
R. Mutyiri	[Finance Director]	R. Matongo	[Marketing Manager]
A. J. Musemburi	[Company Secretary]	Z. Makoto	[Finance Manager]

Divisional Management

M. Sibanda	[General Manager - Goldstar Sugars]
R. Nazare	[Deputy General Manager - Goldstar Sugars]
T. Chakaingesu	[General Manager - Bluestar Logistics]
I. Mutsvedu	[Operations Manager - Country Choice Foods]

Professional Advisors

Transfer Secretaries	First Transfer Secretaries, 13th Floor, Century Towers, 45 Samora Machel Avenue, Harare, Zimbabwe
Auditors	Ernst & Young Chartered Accountants (Zimbabwe) Registered Public Auditors
Registered Office	45 Douglas Road, Workington,Harare
Bankers	ZB Bank Limited, BancABC Limited, MBCA Bank Limited, Barclays Bank of Zimbabwe Limited
Attorneys	Coghlan Welsh & Guest

Financial Highlights

	2014 US$	2013 US$
Group Summary		
Continuing operations		
Revenue	9 313 289	24 314 615
Operating loss	(6 396 501)	(8 246 111)
Net interest paid	(4 785 060)	(5 315 529)
Loss after taxation from continuing operations	(11 938 236)	(16 111 896)
Discontinued operations		
Loss for the year from discontinued operations	(255 896)	(358 177)
Loss for the year	**(12 194 132)**	**(16 470 073)**
Loss attributable to equity holders of the parent	(12 268 473)	(16 598 409)
Shareholders' equity	(23 239 859)	(10 368 029)
Property, plant and equipment	21 304 432	21 243 663
Assets classified as held for sale	5 085 078	10 757 559
Total assets	35 328 538	42 005 096
Basic loss per share (cents)	(2.37)	(3.20)
Diluted loss per share (cents)	(2.37)	(3.20)
Statistics		
Refined sugar sales in domestic market (tonnes)	5 880	15 183
Average number of employees	470	700

Vision, Mission Statement and Values

VISION

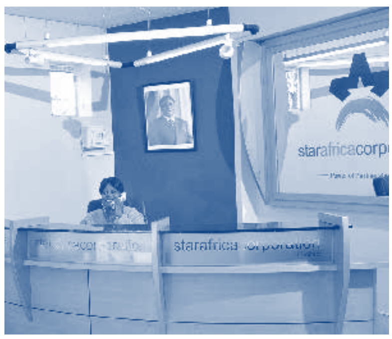
To be a leading manufacturer and distributor of food and other products in Africa

MISSION

To excel in the provision of world-class products and services that delight our customers, in an environment that is rewarding and caring for our employees, and in so doing, achieve superior returns for our shareholders and make a positive contribution to the communities we operate in.

VALUES

Accountability
Integrity
Innovation
Care
Ethical
Performance Driven



Installation of the new equipment at Goldstar Sugars Harare. Commissioning of the plant is anticipated for completion in September 2014.

Chairman`s Statement

OVERVIEW

The year under review was burdened by challenges associated with a contracting economy, liquidity constraints and interrupted supply of utilities. The company's core business was not operational for most of the year due to the plant upgrade project at Goldstar Sugars Harare (GSSH). The company concluded a Scheme of Arrangement with its creditors and lenders and the Scheme was sanctioned by the High Court on 7 August 2013 and registered with the Registrar of Companies on 14 August 2013. Most of the non-core businesses were disposed of during the year under review.

GSSH Plant Upgrade

The company procured equipment from Integrated Casetech Consultants (Private) Limited (ICCPL) of India for upgrading the plant at GSSH. This equipment was inspected by Societe Generale de Surveillence (sgs), a leading global inspection, verification, testing and certification services provider. Installation of the equipment was carried out under the supervision of ICCPL and has been completed. The plant is undergoing commissioning. The first 2 stages of this process, being (i) dry runs which entail test running of empty equipment to confirm that it has been connected correctly and is able to achieve all operating sequences and (ii) wet runs whereby equipment is filled with water to simulate operating conditions, have been successfully completed. The last stage which involves putting feedstock (raw sugar) into the plant for processing to confirm that the plant operates in line with the parameters agreed in the equipment supply contract is in progress and full scale production is anticipated for the second week of September 2014. The upgraded plant will increase production capacity from 300 tonnes per day to 600 tonnes per day. This will also result in improved sugar yield, quality and operational efficiencies, in addition to bringing the latest sugar refining technology and world standards at GSSH. As a result, GSSH will be able to consistently satisfy refined sugar requirements for all domestic market segments and have a surplus to export.

The Board wishes to express its gratitude to National Social Security Authority (NSSA) who provided the financial support and project management expertise for the plant upgrade project.

Scheme of Arrangement

In terms of the Scheme of Arrangement concluded between the company and its lenders and creditors, the total amounts owed will be settled over a period of up to thirty six (36) months. The scheme entails a restructuring of both the Company's debt and Balance Sheet, the disposal of Bluestar Logistics and the Company's 33.3% shareholding in Tongaat Hulett Botswana (Proprietary) Limited to fund the requisite part settlements to lenders and creditors. It also allowed the Company a 6 month moratorium to facilitate the plant upgrade at Goldstar Sugars Harare (GSSH). The plant upgrade is nearing completion as reported above. Efforts continue unabated to conclude the disposal of Bluestar Logistics and the company's 33.3 % shareholding in Tongaat Hullet Botswana (Pty) Ltd at fair values. Scheme Members will continue to be updated on progress through periodic press publications.

GROUP RESULTS

The Group's loss before tax from continuing operations was USD11.7 million, compared with a prior year loss before tax of USD13.5 million. Discontinued operations incurred a loss before tax amounting to USD255 896, compared with USD358 177 sustained last year. Finance costs for the year under review were USD4.8 million compared with USD5.3 million in prior year.

Continuing Operations

Production at GSSH was 4 616 tonnes, a decrease of 72% on prior year. Production was adversely affected by an eight month plant shut down due to the implementation of the plant upgrade. Sales volumes were adversely impacted by low production volumes, consequent upon the eight month plant shut down. The inflow of lower priced imported sugar on to the domestic market compounded the situation. We are grateful to Government for the duty structure put in place in respect of imported sugar as this has gone a long way in stabilizing the domestic sugar market. Goldstar Sugars Bulawayo (GSSB) remained under care and maintenance during the year under review.

Country Choice Foods recorded an operating profit of USD330 286 for the year ended 31 March 2014. Volumes were negatively impacted by lower priced imports and substitutes.

Chairman`s Statement
(cont`d)

Installation of the new Manufacturing Plant at Goldstar Sugars Harare.

Discontinued Operations

Arthur Garden Engineering, Bluestar Logistics, Grant Chemicals, Highfield Bag and Polyfilm Plastics, the Retail Business were classified as discontinued operations. Except for Bluestar Logistics, these non- core businesses were disposed of during the year under review. Bluestar Logistics' profit performance was adversely affected by low business volumes from GSSH and liquidity constraints obtaining in the market. Although Bluestar Logistics is profitable, it is being disposed of as part of efforts to raise funds for the Scheme of Arrangement. Performance at both Polyfilm Plastics and Highfield Bag was adversely affected by working capital constraints and problems associated with plant obsolescence.

Borrowing Powers

Group borrowings exceed the limits set in the Articles of Association by USD37 million. Of this excess, USD31 Million was ratified at the Annual General Meeting held on 29 August 2013. The directors will seek ratification of the remaining USD6 million at the next Annual General Meeting. This excess was mainly attributable to finance charges on group borrowings.

Directorate

Post the reporting period, Dr J Kanyekanye resigned from the Board with effect from 6 May 2014. We extend our gratitude to Dr Kanyekanye for his contributions and wise counsel during his tenure on the Board and wish him success in his future endeavours.

Outlook

The company is confident that the latter half of 2014/2015 will see a positive performance on account of the upgraded plant at GSSH, on-going cost reduction measures and a stable domestic market for sugar.

Dividend

In light of the overall performance of the Group, the Board has not declared a dividend for the year ended 31 March 2014.

Conclusion

I take this opportunity to express my appreciation to our stakeholders, Management, staff and my fellow Board members for their continued dedication and support under extremely challenging conditions.

J. S Mutizwa
CHAIRMAN
4 September 2014

Corporate Governance Report

THE BOARD

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

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

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

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

The Directors' remuneration, which includes that of Executive Directors, is reflected in aggregate on page 38.

Strategic Business Units

Each of the Group's significant Strategic Business Units have a formal operating Board with a clear definition of responsibility which operates within well defined policies and accepted standards of corporate governance in Zimbabwe.

The Board Committees

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

Audit Committee:

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

General Purposes Committee:

This committee meets on an ad hoc basis to review and approve remuneration policy and long term incentive schemes. It also fixes the remuneration of Executive Directors and approves guidelines for the Group's annual salary and incentive reviews. The committee also recommends strategy, policies, organisational design, and board appointments to the Board of Directors. The committee was chaired by Dr J. Kanyekanye during the year under review and comprises Messrs T.N Chiganze, R.J Mbire and Dr M.S Mushiri as members.

Internal Control

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

Directors' Interest

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

Directors' Report

The Directors have pleasure in presenting their report and accounts for the year ended 31 March 2014.

Fixed Assets

Changes in the book value of the Group's investment property, plant and equipment were as follows:

	US$' 000
Balance as at 31 March 2013	24 009
Additions during the year	5 482
Transfer from assets held for sale	2 457
Disposals	(17)
Depreciation expense	(916)
Impairment loss	(2 285)
Balance as at 31 March 2014	28 730

Borrowing powers

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

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

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

Share Capital

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

Directorate

The names of the current Directors of the company are set out on page 3. Shareholders will be asked to re-elect the Directors retiring by rotation and approve D irectors' fees for the year ended 31 March 2014.

By Order Of the Board

A. J. Musemburi

COMPANY SECRETARY

Directors' Responsibility Statement

RESPONSIBILITY

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

Compliance with Companies Act (Chapter 24:03) and Statutory Instruments (SI 33/99 and SI 62/96).

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

Going Concern

The group has continued to report significant losses in the last five years. It recorded a net loss for the year ended 31 March 2014 of $12.2million (2013:$16.4million) and as at that date, its current liabilities exceed current assets by $32.3 million (2013: $22.2 million).

In view of the actions taken per notes 28 and 29, the financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Group's plans will be effective and the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Approval of Financial Statements

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

J. S. Mutizwa
CHAIRMAN

S. Mushiri
CHIEF EXECUTIVE OFFICER

Certificate by Company Secretary

CERTIFICATE BY THE COMPANY SECRETARY

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

A. J. Musemburi
COMPANY SECRETARY

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way
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Email: admin@zw.ey.com
www.ey.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Star Africa Corporation Limited

Report on the financial statements

We have audited the accompanying consolidated and company financial statements of Star Africa Corporation Limited as set out on pages 15 to 65, which comprise the consolidated and company statements of financial position at 31 March 2014, the consolidated and company statements of comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating, the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor`s Report

Opinion

In our opinion, the consolidated and company financial statements present fairly, in all material respects, the financial position of Star Africa Corporation Limited as at 31 March 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (Chapter 24:03).

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matters:

Going Concern Uncertainty

Note 28 to the financial statements, which indicates that the group has continued to report significant losses in the last four years and recorded a net loss for the year ended 31 March 2014 of $12.2 million. As at that date, its total liabilities exceeded total assets by $23.2 million and current liabilities exceed current assets by $32.3 million. These conditions, along with other matters as set forth in Note 28 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

Borrowing powers

The company's borrowing powers as stipulated by the Company's Memorandum and Articles of Association has been exceeded by $37.1 million as disclosed in detail on note 18.3 to the financial statements. This will be presented to the shareholders for ratification at the Annual General Meeting.

Report on Other Legal and Regulatory Requirements

In our opinion the consolidated and company financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03) and Statutory Instruments (SI 33/99 and SI 62/96).

Ernst & Young

Ernst & Young

Chartered Accountants (Zimbabwe)
Registered Public Auditors
Harare
4 September 2014

Statements of Comprehensive Income

For the year ended 31 March 2014

	Notes	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Continuing operations					
Sale of goods		8 976 635	23 822 809	-	-
Rendering of services		-	208 046	-	-
Rental income		336 654	283 760	-	-
Revenue		**9 313 289**	**24 314 615**	**-**	**-**
Cost of sales		(7 787 843)	(22 520 223)	-	-
Gross profit		**1 525 446**	**1 794 392**	**-**	**-**
Other income		524 493	185 019	164	-
Fair value gain on investment property	13	-	48 000	-	
Administrative expenses		(8 446 440)	(10 273 522)	-	(157 218)
Operating (loss)/profit		**(6 396 501)**	**(8 246 111)**	**164**	**(157 218)**
(Loss)/profit on disposal of subsidiary	8	-	(53 368)	-	440 573
Impairment loss	6	(1 377 043)	(1 094 993)	(22 595 290)	(711 582)
Finance cost	6	(4 786 967)	(5 322 188)	-	(777)
Exchange gain		-	(4 154)	-	-
Finance income	6	1 906	6 659	-	-
Dividend received from associate		861 402	-	861 402	903 695
Share of profit of an associate	14.1	-	1 195 997	-	-
(Loss)/profit before taxation	**6**	**(11 697 203)**	**(13 518 158)**	**(21 733 724)**	**474 691**
Income tax expense	7	(241 034)	(2 593 738)	(172 280)	(180 739)
(Loss)/profit for the year from continuing operations		**(11 938 237)**	**(16 111 896)**	**(21 906 004)**	**293 952**
Discontinued operations					
Profit after tax from discontinued operations	9.1	(255 896)	(358 177)	-	-
(Loss)/profit for the year		**(12 194 133)**	**(16 470 073)**	**(21 906 004)**	**293 952**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Fair value adjustment on available-for-sale investments		-	(1 062)	-	-
Exchange differences on translating foreign operations		-	(446 603)	-	-
Reclying of translation reserve on disposal of subsidiary		-	53 368	-	-
Recycling of available for sale reserve on impairment of investment		(3 238)	-	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		**(3 238)**	**(394 297)**	**-**	**-**
Other comprehensive income not to be reclassified to profit or in subsequent periods:					
Impairment of previously revalued assets	12	(908 362)	(2 644 452)	-	-
Income tax effect	10	233 903	681 000	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**(674 459)**	**(1 963 452)**	**-**	**-**
Other comprehensive loss for the year, net of tax		**(677 697)**	**(2 357 749)**	**-**	**-**
Total comprehensive(loss)/income		**(12 871 830)**	**(18 827 822)**	**(21 906 004)**	**293 952**
Profit/(loss) attributable to					
Non-controlling interests		74 340	128 336	-	-
Equity holders of the parent		(12 268 473)	(16 598 409)	(21 906 004)	293 952
		(12 194 133)	**(16 470 073)**	**(21 906 004)**	**293 952**
Total comprehensive income/(loss) attributable to:					
Non-controlling interests		74 340	128 336	-	-
Equity holders of the parent		(12 946 170)	(18 956 158)	(21 906 004)	293 952
		(12 871 830)	**(18 827 822)**	**(21 906 004)**	**293 952**
Loss per share					
Basic (cents)	11	(2.37)	(3.20)		
Diluted (cents)		(2.37)	(3.20)		
Loss per share for continuing operations					
Basic (cents)		(2.30)	(3.11)		
Diluted (cents)		(2.30)	(3.11)		

Statements of Financial Position

As at 31 March 2014

	Notes	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
ASSETS					
Non-current assets					
Property, plant and equipment	12	21 304 432	21 243 663	-	-
Investment property	13	7 425 376	2 766 000	-	-
Investment in subsidiaries	14.2	-	-	18 577 144	37 176 598
Other financial assets	14.3	-	11 181	-	-
		28 729 808	**24 020 844**	**18 577 144**	**37 176 598**
Current assets					
Inventories	15	821 855	3 792 544	-	-
Trade and other receivables	16	536 939	2 112 419	258 485	3 343 110
Prepayments and deposits		16 198	888 744	-	-
Cash and cash equivalents	17.4	138 660	432 986	648	270 648
		1 513 652	7 226 693	259 133	3 613 758
Assets held for sale	9.2	5 085 078	10 757 559	99 279	99 279
		6 598 730	**17 984 252**	**358 412**	**3 713 037**
Total assets		**35 328 538**	**42 005 096**	**18 935 556**	**40 889 635**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital		51 847	51 847	51 847	51 847
Share premium		9 563 834	9 563 834	9 563 834	9 563 834
Non-distributable reserves	5	24 115 856	26 451 549	28 945 097	28 945 097
(Accumulated losses)/retained earnings		(60 366 603)	(49 756 126)	(20 246 196)	1 659 808
Reserves of disposal group classified as held for sale		1 786 536	1 786 536	-	-
		(24 848 530)	(11 902 360)	18 314 582	40 220 586
Non-controlling interest		1 608 671	1 534 331	-	-
Total equity		**(23 239 859)**	**(10 368 029)**	**18 314 582**	**40 220 586**
Non-current liabilities					
Loans and borrowings	18	17 633 609	10 000 000	-	-
Deferred tax liability	20	2 007 914	2 187 255	-	-
		19 641 523	**12 187 255**	**-**	**-**
Current liabilities					
Bank overdraft	17.4	235 820	-	-	-
Trade and other payables	21	17 801 879	20 131 313	165 265	342 550
Loans and borrowings	18	17 812 128	17 290 319	-	-
Income tax payable		683 776	442 125	455 709	326 499
		36 533 603	37 863 757	620 974	669 049
Liabilities associated with assets held for sale	9.2	2 393 271	2 322 113	-	-
		38 926 874	**40 185 870**	**620 974**	**669 049**
Total equity and liabilities		**35 328 538**	**42 005 096**	**18 935 556**	**40 889 635**

J.S Mutizwa
CHAIRMAN
4 September 2014

S. Mushiri
CHIEF EXECUTIVE OFFICER
4 September 2014

Statements of Changes in Equity

For the year ended 31 March 2014

GROUP

	Attributable to the parent							
	Issued capital (Note 3) US$	Share premium US$	Non-distributable reserve (Note 5) US$	Accumulated losses US$	Discounted operation/ held for sale US$	Total US$	Non controlling interest US$	Total Equity US$
Balance as at 31 March 2012	**51 847**	**9 563 834**	**30 486 707**	**(33 157 717)**	**109 127**	**7 053 798**	**1 538 393**	**8 592 191**
Loss for the year	-	-	-	(16 598 409)	-	(16 598 409)	128 336	(16 470 073)
Other comprehensive income	-	-	(2 357 749)	-	-	(2 357 749)		(2 357 749)
Total comprehensive income	**-**	**-**	**(2 357 749)**	**(16 598 409)**	**-**	**(18 956 158)**	**128 336**	**(18 827 823)**
Derecognition of non-controlling interest on loss of control	-	-	-	-	-	-	(132 398)	(132 398)
Discontinued operation	-	-	(1 677 409)	-	1 677 409	-	-	-
Balance as at 31 March 2013	**51 847**	**9 563 834**	**26 451 549**	**(49 756 126)**	**1 786 536**	**(11 902 360)**	**1 534 331**	**(10 368 029)**
Loss for the year	-	-	-	(12 268 473)	-	(12 268 473)	74 340	(12 194 133)
Other comprehensive income	-	-	(677 697)	-	-	(677 697)	-	(677 697)
Total comprehensive income	-	-	(677 697)	(12 268 473)	-	(12 946 170)	74 340	(12 871 830)
Transfer from revaluation reserve on disposal of property, plant and equipment			(1 657 996)	1 657 996	-	-	-	-
Balance as at 31 March 2014	**51 847**	**9 563 834**	**24 115 856**	**(60 366 603)**	**1 786 536**	**(24 848 530)**	**1 608 671**	**(23 239 859)**

COMPANY

	Share capital US$	Share premium US$	Functions currency conversion reserve US$	Retained earnings US$	Total US$
Balance as at 31 March 2012	**51 847**	**9 563 834**	**28 945 097**	**1 365 856**	**39 926 634**
Total comprehensive income/ profit for the year	-	-	-	293 952	293 952
Balance as at 31 March 2013	**51 847**	**9 563 834**	**28 945 097**	**1 659 808**	**40 220 586**
Total comprehensive income / profit for the year	-	-	-	(21 906 004)	(21 906 004)
Balance as at 31 March 2014	**51 847**	**9 563 834**	**28 945 097**	**(20 246 196)**	**18 314 582**

Statements of Cash Flows

For the year ended 31 March 2014

	Notes	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Operating activities					
Cash (used)/generated in operations	17.3	(461 642)	113 128	(1 088 332)	(955 101)
Finance income received		2 383	6 659	-	-
Finance cost paid -continuing operations		-	(2 292 507	-	(777)
Finance cost paid -discontinued operations		(155 149)	(185 043)	-	-
Taxation paid		(43 070)	(91 678)	(43 070)	(45 185)
Net cash flows used in operating activities		**(657 478)**	**(2 449 441)**	**(1 131 402)**	**(1 001 063)**
Investing activities					
Acquisition of property, plant and equipment-continuing operations	12	(5 481 997)	(114 594)	-	-
Acquisition of property, plant and equipment-discontinuing operations		(2 557)	-	-	-
Dividends received from associate	14.1	861 402	903 695	861 402	903 695
Net cash (outflow)/inflow on disposal of business and loss of control	9.1	(22 704)	395 497	-	96 000
Proceeds on disposal of investment property		8 000	-	-	-
Proceeds on disposal of assets held for sale		-	321 000	-	-
Proceeds on disposal of property, plant and equipment		76 548	143 555	-	-
Net cash flows (used)/generated from investing activities		**(4 561 308)**	**1 649 153**	**861 402**	**999 695**
Financing activities					
Proceeds from long term loans		4 745 003	-	-	-
Short term loans paid		(86 789)	(1 311 655)	-	-
Net cash flows generated / (used) from financing activities		**4 658 214**	**(1 311 655)**	**-**	**-**
Net (decrease)/increase in cash and cash equivalents		(560 572)	(2 111 943)	(270 000)	(1 368)
Cash and cash equivalents at 1 April		483 394	840 586	270 648	272 016
Bank overdraft converted to a term loan		-	1 758 709	-	-
Net foreign exchange difference on cash and cash equivalents		-	(3 958)	-	-
Cash and cash equivalents at 31 March		**(77 178)**	**483 394**	**648**	**270 648**
CASH AND CASH EQUIVALENTS COMPRISE:					
Bank balances and cash	17.4	158 642	483 394	648	270 648
Bank overdraft	17.4	(235 820)	-	-	-
Cash and cash equivalents at 31 March		**(77 178)**	**483 394**	**648**	**270 648**

Notes to the Financial Statements

For the year ended 31 March 2014

1.1 Corporate information

The consolidated financial statements of starafricacorporation limited (the “Company”) and its subsidiaries (the “Group”) for the yearended 31 March 2014 were authorised for issue in accordance with a resolution of the directors on 4 September 2014. Starafricacorporation limited is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded through the Zimbabwe Stock Exchange.

The company is incorporated in Zimbabwe

1.2 Business

Nature of business

Name	%Equity interest	Nature of Business
starafricacorporation limited		Holding company
starafrica operations (Private) Limited	100%	Sugar refining, manufacture of sugar based products, plastic film extrusion, bone charcoal and allied products, general engineering products, provision of bulk haulage services, marketing and distribution of sugar
Red Star Holdings Limited	100%	Dormant
Silver Star Properties (Private) Limited	100%	Property-holding company
TongaatHullet (Botswana) (Proprietary) Limited*	33.33%	Packaging and distribution of refined sugar

* This was classified as held for sale

1.3 Currency

The financial statements are expressed in United States dollars (US$), which is the corporation’s functional and reporting currency.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

Statement of compliance

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (continued)

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following IFRS and amendments to IFRS that are applicable to the Group and effective as of 1 January 2013:

- IAS 1 Presentation of items of other comprehensive income-Amendments to IAS 1.
- IAS 19 Employee Benefits (Revised).
- IAS 28 Investments in Associates and Joint Ventures (as revised in 2011).
- IFRS 7 Disclosures –Offsetting Financial Assets and Financial Liabilities-Amendments to IFRS 7.
- IFRS 10 Consolidated Financial Statements,
- 1AS 27 Separate Financial Statements.
- IFRS 12 Disclosure of Interests in Other Entities.
- IFRS 13 Fair Value Measurement.
- IFRS 13 Fair Value Measurement -Short term receivables andpayables.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policy and disclosures (continued)

The adoption of the standards is described below:

IAS 1 Presentation of items of other comprehensive income(OCI) – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g. net loss or gain on available for sale financial assets (AFS)) have to be presented separately from items that will not be reclassified (e.g. revaluation of land and buildings). The amendments affect presentation only on the face of the statement of comprehensive income and have no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Revised)

IAS 19 (Revised 2011) changes, amongst other things, the accounting for defined benefit plans. Key changes that are applicable to the Group include the following:

- Termination benefits are recognised at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognised under IAS 37 – Provisions, Contingent Liabilities and Contingent Assets.
- The distinction between short term and other long term employee benefits is based on expected timing of settlement rather than the employee's entitlement to the benefits.

The Group considered the above changes when accounting for termination benefits and short term and long term employee benefits and there was no significant impact on its financial statements.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard did not have any impact on the Group statement of financial position or performance as investments in associates were already equity accounted.

IFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments did not impact the Group's financial position or performance.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities.

The changes introduced by IFRS 10 requires management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. IFRS 10 did not have any impact on the currently held investments of the Group.

Notes to the Financial Statements (cont`d)
For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policy and disclosures (continued)

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly controlled Entities — Non-monetary contributions by venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.The application of this new standard did not impact the financial position of the Group as it does not currently have jointly controlled entities.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries and associates. Refer note 14.1 and note 14.4 for IFRS 12 disclosures.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs for fair value measurement of liabilities. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

IFRS 13 Fair Value Measurement -Short term receivables and payables
The IASB clarified in the Basis for Conclusions that short term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. This is effective immediately. The Group has evaluated that the effect of discounting on its short term receivables and payables is not material.

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

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

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

Discontinued operations
Arthur Garden Engineering, Bluestar Logistics,Tongaat Hulett Botswana (the associate) and selected properties were classified as held for sale as at 31 March 2013. The Board of Directors resolved to dispose of the investment in Tongaat Hulett Botswana (the associate) and Bluestar Logistics to raise funds to partly settle creditors and lenders in terms of the scheme of arrangement by starafricacorporation Llimited to its lenders and creditors as sanctioned by the High court. Arthur Garden Engineering was disposed of during the year.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting judgments, estimates and assumptions (continued)

Management could not find a buyer for Bluestar Logistics due to liquidity challenges in the Zimbabwean market. In addition, management could not conclude an agreement to sell the 33% shareholding in Tongaat Hulett Botswana (THB) with an interested buyer as the other shareholders later sited conflict of interest when it turned out that the potential buyer was a major customer for THB.

However, negotiations are continuing and management is actively trying to find a buyer for Bluestar Logistics and the 33% shareholding in Tongaat Hulett Botswana.

The Board of Directors also resolved to dispose of other non core business units. As a result Polyfilm Plastics, Highfield Bag, Grant Chemicals and Retail operations were all disposed of during the year.

The Board considered that Bluestar Logistics and the investment in Tongaat Hulett Botswana met the criteria to be classified as held for sale as at reporting date for the following reasons:

- the business is available for immediate sale and can be sold to potential buyers in its current condition;
- the Board has a plan to sell the business and had entered into preliminary negotiations with potential buyers; and
- the Board expects negotiations to be finalised and the disposals to be completed by 31 March 2015.

Estimates and assumptions

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

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

The Group assesses useful lives and residual values of property, plant and equipment each year taking into consideration past experience, technology changes and the local operating environment..

ii. Revaluation of property and fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised inprofit and loss. In addition, it measures land and buildings at revalued amounts with changes in fairvalue being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value of investment properties and to assess if the carrying amounts of properties approximate fair value as at 31 March 2014. The valuer used a valuation technique based on future rentals and or comparable values. The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties are further explained in Note 26.

iii. Allowance for credit losses

The Group estimates allowance for credit losses based on individual receivable recoverability and the length of time the receivable has been outstanding.

iv). Impairment of non-financial assets

The Group assesses each asset or cash generating unit (CGU) at each reporting period to determine whether any indication of impairment exists. An impairment loss exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting judgments, estimates and assumptions (continued)

iv). Impairment of non-financial assets (continued)

transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Plant and machinery –Goldstar Sugars Harare

The following are the key assumptions made in calculating the value in use of the Group's sugar refinery plant:

- A forecast period of five years
- Growth in sugar market to increase gradually.
- An economically viable raw sugar price.
- Support from key stakeholders on regaining market share.
- Refinery will be producing bottlers' quality sugar that will be sold to the local and international markets.
- Discount rate of 15% per annum.
- Successful completion and commissioning of the enhanced plant.

2.5 Summary of significant accounting policies

a) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be re-measured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

a) Business combinations (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Investments and subsidiaries and associates are accounted for at cost in the separate company financial statements.

b) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fairvalue less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

c) Foreign currency translation

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

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of all monetary items that provide an effective hedge for a net investmentin a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity. Non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Notes to the Financial Statements (cont`d)
For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

c) Foreign currency translation (continued)

ii) Group companies

The assets and liabilities of foreign operations are translated into United States Dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

d) Revenue and other income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and Value Added Tax or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from the provision of transport services is recognised once the goods contracted for have been delivered.

Interest income

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

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

Rental income

Rental income receivable from operating leases, less the Group's initial direct costs of entering into the leases, is recognised as it arises. Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in profit or loss when they arise.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

e) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Current income tax items are recognised in correlation to the underlying transaction either in profit or loss, other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

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

Notes to the Financial Statements (cont`d)
For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

e) Taxes (continued)

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

Value Added Tax (VAT)
Revenues, expenses and assets are recognised net of the amount of VAT except:
- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of VAT included.The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

g) Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments oravailable-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group's financial assets include cash and short-term deposits, trade and other receivables.

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

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

Available-for-sale financial investments
Available-for-sale financial investments include equity securities. Equity investments classified as available-for sale are those,which are neither classified as held for trading nor designated at fair value through profit or loss.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

g) Financial assets (continued)

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in profit or loss in impairment loss and removed from the available-for-sale reserve.

Derecognition of financial assets

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

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

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

Impairment of financial assets

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

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

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged'against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss –

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

g) Financial assets (continued)

Available-for-sale financial investments (continued)
is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

h) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings.The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdraft and loans and borrowings.

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

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

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

i) Property, plant and equipment
Property, plant and equipment are measured at fair value less accumulated depreciation and impairment losses charged subsequent to the date of revaluation. Any revaluation surplus is recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity,except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation deficit is recognised
in profit or loss, except that it offsets an existing surplus on the same asset recognised in theasset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Valuations are performed every 3 years or frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. When each major inspection, is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and machinery 5%-15% straight line
- Motor vehicles 10%-30% straight line
- Furniture and equipment 10%-33.3% straight line
- Computers 33% straight line

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

i) Property, plant and equipment (continued)

- Buildings 2% straight line

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

j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date:whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Group as a lessee

Operating lease payments are recognised as an expense in profit or loss on a straight line basis on the lease term.

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.The Group capitalizes borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009. The Group continues to expense borrowing costs relating to construction projects that commenced prior to 1 January 2009. During the current year there were no borrowing costs that were capitalised to qualifying assets.

l) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete and its ability to use or sell the asset.
- how the asset will generate future economic benefits.
- the availability of resources to complete the asset.
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Summary of significant accounting policies (continued)

m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

p) Investment in an associate

The financial results of the Group's associate are included in the group's results according to the equity method from acquisition date until the disposal date. Under this method, subsequent to the acquisition date, the Group's share of profits or losses of associate is charged to profit or loss as equity accounted earnings and its share of movements in other comprehensive income and equity is recognised in other comprehensive income or statement of changes in equity. All cumulative post-acquisition movements in the equity of associates are adjusted against the cost of the investment. When the group's share of losses in associates equals or exceeds its interest in those associates, the group does not recognise further losses, unless the group has incurred a legal or constructive obligation or made payments on behalf of those associates. Goodwill relating to associate is included in the carrying value of the associate and is not amortised or separately tested for impairment. The total carrying value of associate, including goodwill, is tested for impairment when there is objective evidence that the investment in the associate is impaired. If impaired, the carrying value of the investment in the associate is written down to its estimated recoverable amount in accordance with the accounting policy on impairment and charged to profit or loss. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate. The associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. In the Company financial statements the investment in associate is accounted for at cost.

q) Investment property

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

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

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

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Standards and Interpretations in issue but not yet effective

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

IFRS 9 Financial Instruments

IFRS 9 is being developed in phases with a view to replacing IAS 39 in its entirety. IFRS 9 for financial assets was first published in November 2009 and addressed classification and measurement of financial assets, and was subsequently amended in October 2010 and November 2013, to include classification and measurement requirements of financial liabilities and hedge accounting requirements.

These pronouncements initially required the adoption of the standard for annual periods on or after 1 January 2013. Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date of both the 2009 and 2010 versions of IFRS 9 from 1 January 2013 to 1 January 2015. IFRS 9 (2013) does not yet have a mandatory effective date, but early adoption is allowed. A mandatory effective date will be set when the IASB completes the impairment phase of the project. At its February 2014 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 will be for annual periods beginning on or after 1 January 2018. The Company is still assessing the impact of IFRS 9 on its financial statements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is not expected that this amendment would be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under IFRS 10.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.

The Group does not expect that IFRIC 21 will have material financial impact in future financial statements as no such levies are charged to the Group.

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Group as no such offsetting arrangements are in place.

Notes to the Financial Statements (cont`d)
For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

IAS 36 Impairment of Assets-Recoverable Amount Disclosures for Non-Financial Assets -Amendments to IAS 36
These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied.

These amendments would continue to be considered for future disclosures when they become effective for the Group.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group does not have any derivatives and does not apply hedge accounting.

IFRS 15- Revenue from Contracts with Customers
The IASB and FASB have issued their joint revenue recognition standard, IFRS 15 Revenue from Contracts with Customers, which replaces all existing IFRS and US GAAP revenue requirements.The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with acustomer (with limited exceptions), regardless of the type of revenue transaction or the industry.
The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities(e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

The standard is for effective for annual periods beginning on or after 1 January 2017, but early adoption is permitted under IFRS. The Company is still assessing the impact of the standard on its contracts with customers.

Improvements to IFRSs
In December 2013, the IASB issued two cycles of Annual Improvements to IFRSs that contain changes to 9 standards. The changes are effective from 1 July 2014 either prospectively or retrospectively. A summary of each amendment is described below:

IFRS 2 Share based payment (Amendments to Definitions relating to investing conditions)
Performance conditions and service conditions are defined in order to clarify various issues. The issues relate to performance conditions which must contain a service condition and a performance target which must be met.

IFRS 2 Share based payment (Amendments to Definitions relating to investing conditions)
while the counter party renders service. The amendment also clarifies that a performance target may relate to the operations of an entity or to those of an entity in the same group. The amendment is not expected to have an impact on the Group financial statements as the Group is not party to any share-based payments.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

IFRS 3 Business Combinations -Scope for joint ventures
The amendment clarifies that joint arrangements are outside the scope of IFRS 3, not just joint ventures and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. Amendment will not affect the Group as it is currently not part to any joint arrangements.

IFRS 3 Business Combinations -Accounting for contingent consideration in a business combination
Contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments. The amendment will only impact on the financial statements of the Group with regards to future business combinations.

IFRS 8 Operating Segments -Aggregation of operating segments and Reconciliation of the total of the reportable segment assets to the entity's total assets.

Aggregation of operating segments
Operating segments may be combined/aggregated if they are consistent with the core principle of the standard, if the segments have similar economic characteristics and if they are similar in other qualitative respects. If they are combined, the entity must disclose the economic characteristics (e.g. sales and gross margins) used to assess whether the segments are 'similar'. The amendment is not expected to impact the Group as no operating segments are currently aggregated.

Reconciliation of the total of the reportable segment assets to the entity's total assets
The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendment is not expected to affect the Group's segment reporting as reconciliations are currently presented.

IFRS 13 Fair value measurement -Portfolio exception
The amendment clarifies that the portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is not expected to affect the Group.

IAS 16 Property, plant and equipment and IAS 38 Impairment -Revaluation method-proportionate restatement of accumulated depreciation
The amendment clarifies that revaluation can be performed by adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying amount and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. The amendment also clarified that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount of the asset (i.e. gross carrying amount – accumulated depreciation/amortisation = carrying amount).

The amendment to IAS 16.35(b) and IAS 38.80(b) clarifies that the accumulated depreciation/amortisation is eliminated so that the gross carrying amount and carrying amount equal the market value. The Group will need to consider the impact of the amendment when it becomes effective as it revalues its property, plant and equipment.

IAS 24 Related party disclosures –Key management personnel
The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. Amendment will not affect the Group as ithas no management entity providing key management services to the Group.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

IAS 40 Investment property -Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying investment property or owner occupied property- Amendment to IAS40.

The description of ancillary services in IAS 40 differentiates between investment property and owner occupied property. IFRS 3 is used to determine if the transaction is the purchase of an asset or a business combination. The amendment is not expected to affect the Group.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

3 SHARE CAPITAL

	Mar-14 US$	Mar-12 US$
Authorised share capital-800 000 000 ordinary shares of US0.0001	80 000	80 000
Issued and fully paid share capital-518 469 120 ordinary shares of US$0.0001	51 847	51 847
Unissued share capital	28 153	28 153

The unissued share capital is under the control of directors and is subject to the limitations of the Companies' Act and the Zimbabwe Stock Exchange regulations.

4 RETAINED EARNINGS

In terms of the current Zimbabwe Exchange Control regulations, retained profit brought forward from prior years is not remmittable to non-resident shareholders.

5 NON DISTRIBUTABLE RESERVE

	Foreign currency translation reserve US$	Foreign currency conversion reserve US$	Available for-sale reserve US$	Asset revaluation reserve US$	Total US$
Balance at 31 March 2012	**185 094**	**(8 775 320)**	**4 247**	**39 072 686**	**30 486 707**
Fair value adjustment on available-for-sale investments (Note 10)	-	-	(1 062)	-	(1 062)
Deferred tax on available for sale movement (Note 10)	-	-	53	-	53
Impairment of previously revalued assets	-	-	-	(2 644 452)	(2 644 452)
Defered tax on impairment of previously revalued assets	-	-	-	680 947	680 947
Exchange differences on translation of foreign operations	(446 603)	-	-	-	(446 603)
Recycling of translation reserve on disposal of foreign subsidiary	53 368	-	-	-	53 368
Transfer to discontinued operations/ held for sale	208 141	-	-	(1 885 550)	(1 677 409)
Balance at 31 March 2013	**-**	**(8 775 320)**	**3 238**	**35 223 631**	**26 451 549**
Impairment of previously revalued assets	-	-	-	(908 362)	(908 362)
Transfer of revaluation reserve on disposal of previously revalued assets	-	-	-	(1 657 996)	(1 657 996)
Recycling of available for sale reserve on impairment of financial assets	-	-	(3 238)	-	(3 238)
Deferred tax on impairement of previously revalued plant and equipment	-	-	-	233 903	233 903
Balance at 31 March 2014	**-**	**(8 775 320)**	**-**	**32 891 176**	**24 115 856**

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

5 NON DISTRIBUTABLE RESERVE (CONTINUED)

Nature and purpose of reserve

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

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

Available-for-sale-reserve
This reserve records fair value changes on available-for-sale financial assets.

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of property and plant and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

6 LOSS BEFORE TAXATION

		GROUP		COMPANY	
		2014	**2013**	**2014**	**2013**
	Notes	US$	US$	US$	US$
Loss or profit before tax is stated after charging/(crediting) the following items:					
Depreciation		916,426	1 810 776	-	-
Impairment loss		1 377 043	1 094 993	-	711,582
Impairment of plant and equipment	12	1 377 043	322 620	-	-
Impairment of financial assets		-	772 373	-	-
Impairment of investment in subsidiary		-	-	-	711 582
Loss/(profit) on disposal of property, plant and equipment		2 000	(35 433)	-	-
Profit on disposal of business		(448 748)	(71 680)	-	-
(Reversal) /allowance for credit losses	16	(194 787)	987 646	-	-
Inventory write down	15	170 763	357 596	-	-
Auditors' remuneration		90 000	147 478	-	-
Salaries and employee benefits (excluding directors)		3 268 625	3 304 688	-	-
-Employee wages and salaries		3 017 963	3 040 713	-	-
-Defined contribution plans (Group pension scheme)		182 990	223 413	-	-
-Defined contribution plan (National Social Security Authority)		67 672	40 562	-	-
Directors' emoluments:					
-Fees		103 200	135 500	103 200	135 500
-Salaries and other benefits		448 282	1 272 145	-	-
Finance costs					
-Interest on overdrafts, debts and borrowings		4 786 967	5 322 188	-	-
Finance income					
-Interest on bank balances		1 906	6 659	-	-

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

7 TAXATION

	Notes	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Current tax					
-Current year		(246 676)	(5 260)	-	-
-Reversal of prior year over provision		-	168 314	-	-
Tax on foreign dividends		(172 280)	(135 554)	(172 280)	(180 739)
Capital gains tax		-	(28 980)	-	-
Deferred tax		177 922	(2 592 258)	-	-
		(241 034)	**(2 593 738)**	**(172 280)**	**(180 739)**
Reconciliation of rate of tax (continuing operations)		**%**	**%**	**%**	**%**
Standard rate		(25.75)	(25.75)	25.75	25.75
Adjusted for:					
Associate income taxed at source		(1.90)	(2.28)	-	-
Foreign income taxed at different rates		1.29	1.34	1.29	1.54
Reversal of prior year over-provision		-	(1.25)	-	-
Assessed loss for which no defered tax recognised		34.84	28.16	-	8.70
Disallowable expenses		0.53	19.31	-	24.94
Exempt income		(6.95)	(0.34)	(7.04)	(22.85)
Effective rate of taxation		**2.06**	**19.19**	**20.00**	**38.08**

8 DISPOSAL OF SUBSIDIARY

On 30 June 2012, the Group disposed of its 100% interest in ZSR Transport (Pty) Limited.

Assets and liabilities disposed off

The carrying of net assets at the date of sale were as follows:

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Assets				
Property and equipment	-	631 341	-	-
Shares at cost	-	-	-	15
Investment	-	125 690	-	-
Trade and other receivables	-	52 479	-	-
	-	**809 510**	**-**	**15**
Liabilities				
Finance lease liability	-	(175 354)	-	-
Trade and other payables	-	(193 568)	-	-
	-	**(368 922)**	**-**	**-**
Net assets disposed	**-**	**440 588**	**-**	**15**
Purchase consideration	**-**	**440 588**	**-**	**440 588**
Profit on disposal	-	-	-	440 573
Recycling of translation reserves relating to subsidiary	-	(53 368)	-	-
(Loss)/profit on disposal	**-**	**(53 368)**	**-**	**440 573**
Purchase consideration received to date		**96 000**		**96 000**

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

9 DISCONTINUED OPERATIONS ,DISPOSAL GROUPS AND NON-CURRENT ASSETS HELD FOR SALE

Arthur Garden Engineering, Bluestar Logistics, the investment in Tongaat Hulett Botswana (the associate) and selected properties were classified as held for sale as at 31 March 2013. The Board of Directors resolved to dispose of the investment in Tongaat Hulett Botswana and Bluestar Logistics to raise funds to partly settle creditors and lenders in terms of the scheme of arrangement by starafricacorporation limited to its lenders and creditors as sanctioned by the High Court. Arthur Garden Engineering was disposed off during the year. Management could not find a buyer for Bluestar Logistics due to liquidity challenges in the Zimbabwean market. In addition management could not conclude an agreement to a sale of 33% shareholding in Tongaat Hulett Botswana with an interested buyer as the shareholders later sited conflict of interest when it turned out that the potential buyer was the major customer for THB.

However, negotiations are continuing and management is actively trying to find buyers. The Board of Directors also resolved to dispose of other non core business units. As a result Polyfilm Plastics, Highfield Bag, Grant Chemicals and Retail operations were all disposed of during the year.

9.1 Loss from discontinued operations

This relates to Polyfilm Plastics, Highfield Bag, Grant Chemicals, Bluestar Logistics and Retail divisions.

	GROUP	
	2014 US$	2013 US$
Revenue	**7 392 911**	**5 806 429**
Cost of sales	(4 054 526)	(3 890 824)
Gross profit	**3 338 385**	**1 915 605**
Other income	36 849	375
Administrative expenses	(1 738 477)	(1 814 017)
Operating profit/(loss)	**1 636 757**	**101 963**
Impairment costs	(2 186 253)	-
Exchange loss	-	(37 847)
Finance costs	(155 148)	(185 043)
Loss on disposal of ZSR Transport	-	(308 930)
Profit on disposal of business (Note 9.1.1)	448 748	71 680
Loss before tax	**(255 896)**	**(358 177)**
Income tax expense	-	-
Loss for the year	**(255 896)**	**(358 177)**
Loss per share:		
Basic (cents)	(0.05)	(0.07)

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

9 DISCONTINUED OPERATIONS ,DISPOSAL GROUPS AND NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

9.1.1 Disposal of business

The Group disposed of Arthur Garden Engineering, Highfield Bag, Polyfilm plastics, Grants chemicals and Retail operations by selling its assets and liabilities.

In the prior year the group lost control of Westbev (Private) Limited as it was placed under liquidation. The profit on disposal was calculated as follows:

	GROUP 2014 US$	GROUP 2013 US$
Property, plant and equipment	(885 353)	(777 680)
Inventory	(469 126)	(81 836)
Receivables	(191 526)	(1 578)
Cash and cash equivalents	(29 166)	(503)
Carrying amount of assets disposed	**(1 575 171)**	**(861 597)**
Payables disposed	1 815 969	334 429
Deferred tax	-	85 840
Purchase consideration	207 950	-
Profit/ (loss) on disposal	**448 748**	**(441 328)**
Purchase consideration received to date	8 000	
Cash and cash equivalents given up	(30 704)	
Net cash outflow from disposal of business	**(22 704)**	

9.2 Assets held for sale

	GROUP 2014 US$	GROUP 2013 US$
Assets		
Property, plant and equipment	2 082 701	7 718 510
Other non current assets (Note 14.1)	2 310 523	2 310 523
Inventories	135 385	230 333
Trade and other receivables	536 487	447 785
Cash and cash equivalents	19 982	50 408
	5 085 078	**10 757 559**
Liabilities		
Trade and other payables	771 670	613 728
Loans and borrowings	1 621 601	1 708 385
Deferred tax	-	-
Liabilities directly associated with assets classified as held for sale	**2 393 271**	**2 322 113**
Net assets classified as held for sale	**2 691 806**	**8 435 446**

Imapairment of assets held for sale

Arthur Gardens

This division was classified as held for sale in 2013 and was disposed of in the current year. As required by IFRS 5, an impairment loss of US$240 013 was recognised and charged to discontinued operations.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

9.2 Assets held for sale (continued)

Blue star Logistics

The Board of Directors resolved to dispose of Bluestar Logistics to raise funds to partly settle creditors and lenders in terms of the scheme of arrangement by starafricacorporation limited to its lenders and creditors as sanctioned by the High Court. The division's assets and associated liabilities were classified as a disposal group held for sale. As required by IFRS 5 , the disposal group was at fair value of $1 950 000 which resulted in an impairment loss of US$1 469 748 which was charged to discontinued operations.

The recoverable amount of the commercial vehicles was based on fair value, less costs of disposal. Market prices were used to determine the fair value.

	2014 US$	2013 US$
Assets held for sale (company)		
Investment in an associate	99 279	99 279
9.3 The net cash flows of discontinued operations		
Operating	85 334	72 000
Investing	(77 972)	321 000
Financing	(23 960)	(456 067)
Net cash (outflow)/inflow	**(16 597)**	**(63 067)**

10 GROUP TAX EFFECTS RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Before tax amount US$	Tax expenses US$	Net of tax US$
Year ended 31 March 2014			
Impairment on previously revalued assets	(908 362)	233 903	(674 459
	(908 362)	233 903	(674 459)
Year ended 31 March 2013			
Exchange differences on translating foreign operations	(446 603)	-	(446 603)
Fair value loss on available-for-sale investments	(1 062)	53	(1 009)
Recycling of reserves on disposal of foreign subsidiary	53 368	-	53 368
Impairment on previously revalued assets	(2 644 452)	680 947	(1 963 505)
	(3 038 749)	681 000	(2 357 749)

11 LOSS PER SHARE

There are no dilutive instruments, hence diluted loss per share is same as basic. The following income and share data reflects the data used in the basic and diluted loss per share computations:

	GROUP 2014 US$	2013 US$
Net loss attributable to equity holders of the parent from continuing operations:	(12 012 577)	(16 101 252)
Net loss attributable to equity holders of the parent from discontinued operations:	(255 896)	(497 157)
Loss attributable to equity holders of the parent	**(12 268 473)**	**(16 598 409)**
	Number of shares	
Weighted average number of ordinary shares for basic and diluted loss per share	**518 469 120**	**518 469 120**

To calculate loss per share for the discontinued operation, the weighted average number of shares as above is used for both basic and diluted amounts.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

12 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US$	Plant and machinery US$	Commercial vehicles US$	Passenger motor vehicles US$	Furniture and equipment US$	Total US$
Cost/Valuation						
At 1 April 2012	**12 713 986**	**13 551 532**	**7 327 769**	**269 517**	**524 485**	**34 387 289**
Additions	-	53 621	-	11 500	49 473	114 594
Exchange rates effects	-	-	(84 650)	-	-	(84 650)
Disposals	(8 181)	(350 983)	(271 228)	(152 685)	(783)	(783 860)
Transfer to investment property	(450 000)	-	-	-	-	(450 000)
Transfer to assets held for sale	(1 489)	-	(6 824 997)	(39 761)	(30 443)	(6 896 690)
At 31 March 2013	**12 254 316**	**13 254 170**	**146 894**	**88 571**	**542 732**	**26 286 683**
Additions	-	5 418 533	40 960	-	22 504	5 481 997
Disposal	(15 000)	-	-	(2 400)	-	(17 400)
Transfer to investment property	(1 056 440)	-	-	-	-	(1 056 440)
Transfer to assets held for sale	-	(1 366 882)	(184 478)	(28 220)	(205 808)	(1 785 388)
At 31 March 2014	**11 182 876**	**17 305 821**	**3 376**	**57 951**	**359 428**	**28 909 452**
Depreciation and impairment						
At 1 April 2012	**119**	**1 670 618**	**1 216 237**	**104 715**	**70 115**	**3 061 804**
Depreciation charge for the period	228 000	849 163	648 325	46 554	38 734	1 810 776
Impairment loss on previously revalued assets	-	2 497 008	147 444	-	-	2 644 452
Impairment -charged to profit or loss	-	-	322 620	-	-	322 620
Disposals	(360)	(335 476)	(225 680)	(113 805)	(416)	(675 737)
Transfer to assets held for sale	-	-	(2 077 828)	(18 134)	(24 933)	(2 120 895)
At 31 March 2013	**227 759**	**4 681 313**	**31 118**	**19 330**	**83 500**	**5 043 020**
Depreciation charge for the period	223 440	509 505	105 765	48 822	28 894	916 426
Impairment loss on previously revalued asset	-	906 450	-	1 912	-	908 362
Impairment -charged to profit or loss	-	1 377 043	-	-	-	1 377 043
Disposals	-	-	-	(2 400)	-	(2 400)
Transfer to assets held for sale	3 500	(422 520)	(135 195)	(16 954)	(66 262)	(637 431)
At 31 March 2014	**454 699**	**7 051 791**	**1 688**	**50 710**	**46 132**	**7 605 020**
Carrying amount at 31 March 2014	**10 728 177**	**10 254 030**	**1 688**	**7 241**	**313 295**	**21 304 432**
Cost or valuation	11 182 876	17 305 821	3 376	57 951	359 427	28 909 452
Accumulated depreciated and impairment losses	(454 699)	(7 051 791)	(1 688)	(50 710)	(46 132)	(7 605 020)
Carrying amount at 31 March 2013	**12 026 557**	**8 572 857**	**115 776**	**69 241**	**459 232**	**21 243 663**
Cost or valuation	12 254 316	13 254 170	146 894	88 571	542 732	26 286 683
Accumulated depreciated and impairment losse	(227 759)	(4 681 313)	(31 118)	(19 330)	(83 500)	(5 043 020)

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.1 Impairment assessment

Goldstar Sugars Harare (GSSH) is generating negative cash flows. At year end GSSH plant components with carrying amount of $1 377 043 were derecognised and charged to profit or loss. Following this derecognisation the plant value stood at $4.9 million. In terms of 1AS36 the plant value of $4.9 million should be assessed for impairment and recorded at its recoverable amount.

The directors believe the plant is not impaired due to the ongoing plant upgrade which they believe will be successful and there will be no requirement to impair the plant.

Manangement carried out an analysis on the discounted cashflows for the plant and the results inticated that the value arrived at through DCF analysis is higher than the current cost of the investment. The Discounted Cash Flows summed up to $15.6 million whilst the total upgraded plant value and other assets of the cash generating unit value is less than $11 million.

This implies that the carrying amount of the cash generating unit is lower than the recoverable amount hence there was no need for impairment.

12.2 Assets impaired

The circumstances under which the assets were impaired and the basis are described below:

Packaging division (Polyfilm Plastics and Highfield Bag)

At 30 September 2013 these assets were classified as held for sale and were measured at the lower of the carrying amount and fair value less cost to sell. Management estimated the fair value less cost to sell of $ 741 151 based on prices for similar assets. An impairment loss of US$870 167 was recognised and charged to non-distributable reserve as the equipment was previously revalued. The division was disposed of during the year.

Retail division (Hwange and Gwanda)

At 30 September 2013 these assets were classified as held for sale and were measured at the lower of the carrying amount and fair value less cost to sell. Management estimated the fair value less cost to sell of $645 720 based on prices for similar assets. An impairment loss of US$38 194 was recognised and charged to non-distributable reserve as the equipment was previously revalued. The division was disposed of during the year.

12.3 Property provided as security

Property with a carrying value of $ 10.3 million was provided as security with respect to loans (Note 18).

12.4 Revaluation of property, plant and equipment

The revalued property consists of commercial stands, warehouses, residential and industrial buildings in Zimbabwe. Fair value of the properties was determined by using market comparable method and the implicit investment method. At date of revaluation, 31 March 2011, the properties' fair values were based on valuations performed by CB Richard Ellis, an accredited independent valuer. The valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.4 Revaluation of property, plant and equipment (continued)

The inputs used in the fair value measurement, including the ranges of rent charged to different units are as below:

Valuation technique	Significant unobservable input
Implicit Investment Approach	Rental per square metre US$1.50 - US$5.00
Market Comparable Approach	Price per square metre US$5.00 - US$18.53

The level of the fair value hierarchy and the description of the valuation techniques applied are detailed on note 26.

Plant and machinery were also revalued as at 31 March 2011. The plant and machinery fair values were based on valuations performed by CB Richard Ellis, an accredited independent valuer. CB Richard Ellis complemented its professional and technical expertise with an appropriate interfacing and participatory programme involving Harare Refinery personnel and location characteristics. The factors considered in the valuation exercise apart from condition and estimated life included:

a) **Market Approach -** All assets that are of a general nature and can be used by any other industry were valued using the market comparable approach. This included general workshop equipment, laboratory equipment and mobile plant.

b) **Cost Approach -** Applied to all assets of specialised nature in the absence of market comparables. This approach was mainly applied to Sugar Refinery Plant and Equipment.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

13 INVESTMENT PROPERTY

	2014 US$	2013 US$
Balance at 1 April	2 766 000	2 268 000
Transfer from property, plant and equipment	1 056 440	450 000
Transfer from assets held for sale	3 617 936	-
Valuation gain on investment property	-	48 000
Disposals	(15 000)	-
Balance at 31 March	**7 425 376**	**2 766 000**

-Investment properties were valued by Dawn Property Consultancy and by the directors. Refer to note 26 for the basis used.
-Property with a value of $1 935 000 was pledged as security for borrowings.

Revenue and expenses relating to investment property

	2014	2013
Rental income	336 654	283 760
Operating costs	(83 035)	(73 020)

14 INVESTMENTS

14.1 Investment in associate

The Group has a 33.33% interest in Tongaat Hulett (Botswana) (Proprietary) Limited (formerly Sugar Industries (Pty) Limited).Tongaat Hulett (Botswana) (Proprietary) Limited is a private entity that is not listed on any public exchange. The investment in this asociate is classified as held for sale.

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

	Notes	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Investment at cost		**-**	**-**	**99 279**	**99 279**
Associate's statement of financial position:					
Non-current assets		866 377	833 445	-	-
Current assets		8 729 151	9 388 848	-	-
Current liabilities		(2 359 796)	(3 176 642)	-	-
Non-current liabilities		(48 104)	(44 067)	-	-
Net assets		**7 187 628**	**7 001 584**	**-**	**-**
Share of the associate's statement of financial position:		**2 371 917**	**2 310 523**	**-**	**-**

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

14 INVESTMENTS (C0NTINUED)

14.1 Investment in associate (continued)

	Notes	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Associates statement of comprehensive income					
Revenue		38 245 421	43 024 357	-	-
Cost of sales		(32 368 256)	(36 778 944)	-	-
Adminstrative expenses		(1 711 431)	(1 648 661)	-	-
Finance costs		59 281	69 556	-	-
Profit before tax		**4 225 015**	**4 666 307**	**-**	**-**
Income tax expense		(927 291)	(1 042 074)		
Profit for the year		**3 297 724**	**3 624 233**	**-**	**-**
Total comprehensive income		**3 297 724**	**3 624 233**		
Group's share of total comprehensive income for the year		**1 088 249**	**1 195 997**	**-**	**-**
Dividend received from associate		**861 402**	**-**	**861 402**	**903 695**

The investment was provided as security for a trade creditor.

14.2 Investments in subsidiaries

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Starafrica Operations (Private) Limited	-	-	-	18 599 454
Silver Star Properties (Private) Limited	-	-	18 577 129	18 577 129
Starafrica International Limited	-	-	2	2
Namibstar Trading (Pty) Limited	-	-	13	13
	-	**-**	**18 577 144**	**37 176 598**

Impairment of investments in subsidiaries

Star Africa Operations (Private) Limited

The subsidiary has been making losses since 2009. Management assessed the recoverable amount based on the value in use. As the subsidiary is generating negative cash flows the recoverable amount was assessed as Nil and the investment was impaired in full.

14.3 Other financial assets

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Available-for-sale investments	-	11 181	-	-
Total non-current other financial assets	**-**	**11 181**	**-**	**-**

Available for sale investments

The fair value of the quoted equity securities is determined by reference to published quotations on the Zimbabwe Stock Exchange.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

14 INVESTMENTS (C0NTINUED)

14.3 Other financial assets (continued)

	GROUP		COMPANY	
	2014	2013	2014	2013
	US$	US$	US$	US$
Reconciliation of available-for-sale investments				
Balance at 1 April	11 181	11,181	-	-
Impairment	(11 181)	-	-	-
Balance at 31 March	**-**	**11 181**	**-**	**-**

14.4 Material partly-owned subsidiaries

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

Proportion of equity interest held by non controlling interest

Name	Country of incorporation and operation	2014	2013
		US$	US$
Safariland Investments (Private) limited	Zimbabwe	30%	30%

Accumulated balances of material non controlling interest

Name	Safariland Investments (Private) limited	1 608 671	1 534 331

Profit allocated to material non controlling interest	2014	2013
Name	**US$**	**US$**
Safariland Investments (Private) limited	74 340	128 336

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

14 INVESTMENTS (C0NTINUED)

14.4 Material partly-owned subsidiaries (continued)

Summarised statement of profit or loss - Safariland Investments (Private) limited

	2014 US$	2013 US$
Revenue	-	129 780
Adminstrative expenses	(58)	(177 312)
Profit before tax	**(58)**	**(47 532)**
Income tax	247 859	475 318
Profit for the year	**247 801**	**427 786**
Total comprehensive income	**247 801**	**427 786**
Attributable to non controlling interest	74 340	128 336

Summarised statement of financial position - Safariland Investments (Private) limited

	2014 US$	2013 US$
Investment property	1 925 000	1 925 000
Trade and other receivables	3 928 793	3 853 266
Cash and cash equivalents	1 280	1 338
Trade and other payables	(126 213)	(73 232)
Deferred Tax	(366 624)	(591 937)
Total equity	**5 362 236**	**5 114 435**
Attributable to:		
Equity holders of the parent	3 753 565	3 580 105
Non controlling interest	1 608 671	1 534 331

Summarised cash flow statement - Safariland Investments (Private) limited

	2014 US$	2013 US$
Operating	(58)	(3 838)
Net increase/(decrease) in cash and cash equivalents	**(58)**	**(3 838)**

15 INVENTORIES

	GROUP		COMPANY	
	2014 US$	2013 US$	2014 US$	2013 US$
Raw materials	155 212	643 843	-	-
Work in progress	158 396	749 980	-	-
Finished product/wholesale merchandise	160 683	1 696 843	-	-
Goods in transit	-	8 083	-	-
Consumables	347 564	693 795	-	-
Total inventories at the lower of cost and net realisable value	**821 855**	**3 792 544**	**-**	**-**

The amount of inventory write-down recognised as an expense is $170 763 (2013 - US$357 596) and is included in cost of sales. The amount of inventory expensed during the year is US$10 415 858 (2013-US$24 782 847).

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

16 TRADE AND OTHER RECEIVABLES

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Trade receivables	331 519	1 834 637	-	-
Receivables for disposal of assets	185 418	43 000	-	-
Value added tax	8 139	138 820	-	-
Other receivables	11 863	95 961	-	-
Amounts owed by related parties	-	-	258 485	3 343 110
	536 939	**2 112 419**	**258 485**	**3 343 110**

	Total US$	Neither past due nor impaired US$	Past due but not impaired 30-45 days US$	46-60 days US$	61-90 days US$
31 March 2014	331 519	304 425	26 124	-	970
31 March 2013	1 834 637	1 455 676	316 382	41 760	20 819

The analysis of receivables for disposal of assets is as follows:

	Total US$	Neither past due nor impaired US$	30-45 days US$	46-60 days US$	61-90 days US$
31 March 2014	185 418	168 068	17 350	-	-
31 March 2013	43 000	-	-	-	43 000

Terms and conditions relating to receivables:
Trade receivables are non interest bearing and are generally on 30 day credit terms.
Amounts owed by related parties are non interest bearing and are generally on 30 day credit terms.

Impairment
The above trade and other receivables are net of allowance for credit losses of US$3 358 952 (2013: US$3 553 739).
As at 31 March 2014, the Group did not hold any security on trade and other receivables.

Reconcilitian of the allowance for credit losses

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Opening balance as at 1 April	3 553 739	2 762 250	-	-
(credit)/ charge	(194 787)	987 646		
Charge for the year	239 765	1 053 176	-	-
Amounts recovered	(434 552)	(65 530)	-	-
Bad debts written off	-	(196 157)		
Closing balance as at 31 March	**3 358 952**	**3 553 739**	**-**	**-**

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

17 NOTES TO THE STATEMENTS OF CASH FLOWS

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
17.1 Cash used in operations				
(Loss)/ profit before tax-continuing operations	(11 697 202)	(13 518 158)	(21 733 724)	474 691
Profit before tax-discontinued operations (Note 9.1)	(255 896)	(358 177)	-	-
Depreciation	916 426	1 810 776	-	-
Valuation gain on investment property	-	(48 000)	-	-
Impairment on plant and equipment - continuing operations	1 377 043	322 620	-	711 582
Impairment on plant and equipment - discontinued operations (Note 9.1)	2 186 252	-	-	-
Allowance for credit losses (Note 16)	239 765	1 053 176	-	-
Loss on loss of control	-	308 930	-	-
Recycling of available for sale reserve on impairment of investment	(3,238)	-	-	-
Impairment of investment in subsidiary	-	-	18 599 454	-
Inventory write-down	170,763	357 596	-	-
Profit on disposal of business	(448 748)	(71 680)	-	-
Loss/(profit) on disposal of property, plant and equipment	2 000	(35 433)	-	-
Loss /(profit) on disposal of subsidiary	-	53 368	-	(440 573)
Profit on disposal of assets held for sale	-	(9 600)	-	-
Dividends received from associate	(861 402)	-	(861 402)	(903 695)
Share of profit of an associate	-	(1 195 997)	-	-
	(8 374 237)	**(11 330 579)**	**(3 995 672)**	**(157 995)**
17.2 Net finance cost				
Finance revenue	(1 907)	(6 659)	-	-
Finance cost-continuing operations	4 786 967	5 322 188	-	777
Finance cost-discontinued operations (Note 9.1)	155 148	185 043	-	-
Exchange loss-continuing operations	-	4,154	-	-
Exchange loss-discontinued operations (Note 9.1)	-	37,847	-	-
	4 940 208	**5 542 573**	**-**	**777**
17.3 Working capital changes				
Decrease/(increase) in inventories	2 425 747	(558 733)	-	-
Decrease/ (Increase) in accounts receivable	109 742	162 763	2 804 140	(954 668)
Decrease in prepayments	872 546	235	-	-
(Decrease)/ increase in accounts payable	(435 648)	6 296 869	103,200	156 785
	2 972 387	**5 901 134**	**2 907 340**	**(797 883)**
Cash (used)/ generated in operations	**(461 642)**	**113 128**	**(1 088 332)**	**(955 101)**
17.4 Cash and cash equivalents				
For the purpose of the statements of cash flows, Cash and cash equivalents comprise the following at 31 March:	158 642	483 394	648	270 648
Cash and bank balances -continuing operations	138 660	432 986	648	270 648
Cash and cash balances -discontinued operations (Note 9.2)	19 982	50,408	-	-
Overdraft balances -continuing operations	(235 820)	-	-	-
	(77 178)	**483 394**	**648**	**270 648**

Cash at banks earn interest at floating rates based on daily bank deposit rates

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

18 LOANS AND BORROWINGS

		GROUP	
		2014	2013
		US$	US$
18.1	**Long term borrowings**		
(a)	15% Loan-ABC Holdings Limited	13 180 265	11 581 719
(b)	7.5% PTA loan	-	-
(c)	Afreximbank	9 379 183	-
(d)	DuPont Agricole De Portugal	3 341 677	-
(e)	Stanbic Loan Facility	923 756	-
(f)	Intermarket Bank Zambia	519 084	-
(g)	IDBZ Bank loan	1 347 427	-
(h)	Kingdom Bank	2 009 342	-
(i)	National Social Security Authority (NSSA)	4 745 003	-
		35 445 737	**11 581 719**
	less current portion of long term borrowings	(17 812 128)	(1 581 719)
		17 633 609	**10 000 000**
18.2	**Short term borrowings**		
(c)	Afreximbank	-	8 682 262
(d)	DuPont Agricole De Portugal	-	2 841 673
(e)	Stanbic Loan Facility	-	836 195
(f)	Intermarket Bank Zambia	-	456 128
(g)	IDBZ Bank loan	-	1 109 153
(h)	Kingdom Bank	-	1 783 189
	Current portion of long term loans	17 812 128	1 581 719
		17 812 128	**17 290 319**
	Total interest bearing borrowings	**35 445 737**	**27 290 319**

Scheme of arrangement between Starafricacorporation limited and its lenders and creditors

During the year Star Africa entered into a Scheme of Arrangement with its lenders and creditors and the Scheme was sanctioned by the High Court on 7 August 2013 and registered with the Registrar of Companies on 14 August 2013. The scheme entailed a restructuring of both the Company's debt and Statement of Financial Position, the disposal of Bluestar Logistics and the Company's 33.3% shareholding in Tongaat Hulett Botswana (THB) (Proprietary) Limited to fund the requisite part settlements to lenders and creditors.

The scheme allowed the Company a six month moratorium within which the company should have sold Bluestar logistics and the shareholding in its associate in Botswana. The six months expired on the 7th of February 2014. However, the Scheme of Arrangement is still in force and the Company is working on disposing Bluestar and the associate.

According to the Scheme of Arrangement interest rates to be applied will be the lower of the current interest rate charged by the individual Lenders and 10% Or 12% per annum for secured and unsecured Lenders respectively. As the Scheme is still in force scheme rates and repayment terms were used. The tenure of the loans per Scheme are also restructured to a maximum of 24 and 36 months from the date the Scheme was sanctioned by the High Court for secured lenders and unsecured lenders respectively. The impact of the Scheme of arrangement on the interest rates and repayment terms for each loan are as follows:

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

18 LOANS AND BORROWINGS (CONTINUED)

		Interest as per Scheme	Interest as per Agreement	Repayment Terms per Scheme
(a)	15% Loan-ABC Holdings Limited	12%	15%	36 Months
(b)	7.5% PTA loan	7.5%	7.5%	24 Months
(c)	Afreximbank	7%	7%	24 Months
(d)	DuPont Agricole De Portugal	12%	25%	36 Months
(e)	Stanbic Loan Facility	10%	10%	24 Months
(f)	Intermarket Bank Zambia	12%	15%	36 Months
(g)	IDBZ Bank loan	12%	30%	36 Months
(h)	Kingdom Bank	12%	12%	36 Months

(a) 15% ABC Holdings Limited
The loan is unsecured and was originally a convertible debenture. The lender did not convert the loan into equity and, in terms of the agreement the interest rate was 15% (scheme of arrangement rate is 12%). If the scheme had not been in effect the total amount of loan outstanding would have been $13 346 615.

(b) 7.5% PTA Bank loan
The proceeds were used to purchase 20 new trucks for Bluestar Logistics. The repayment was over 48 months, started on 30 April 2011. The loan is secured over property. The loan is now included in the disposal group and the amount in arrears amounts to $843 902. The loan rate is not affected by the scheme of arrangement and the balance at year end was $1 621 601.

(c) 7% Afreximbank loan
This loan was used to fund working capital. The loan tenor was renegotiated and the loan was supposed to be fully repaid by January 2014, but has not been repaid. Interfin Banking Corporation guaranteed the loan. The loan rate is not affected by the scheme of arrangement.

(d) DuPont Agricole De Portugal
This loan is unsecured ,the interest rate was 12% per annum before default and repayable in monthly instalments of $200 000. The full loan amount according to original agreement is in default as at year end and default interest rate is 25% per annum (scheme of arrangement rate is 12%). If the scheme had not been in effect the total amount of loan outstanding would have been $3 603 928.

(e) Stanbic Loan Facility (Zambia)
The loan bears interest at 10% per annum .The loan is secured over property. The full loan amount is in default. The loan rate is not affected by the scheme of arrangement.

(f) Intermarket Bank Zambia
This loan relates to Red Star Zambia, is unsecured and bears interest at 15% (scheme of arrangement rate is 12%) per annum. The full loan amount is in default. If the scheme had not been in effect the total amount of loan outstanding would have been $529 452.

(g) IDBZ Bank loan
This loan is unsecured and bears normal interest at 19.5% per annum. The loan should have been fully repaid by 31 March 2013 and the default interest is 30% (scheme of arrangement rate is 12%) per annum. If the scheme had not been in effect the total amount of loan outstanding would have been $1 491 687.

(h) Kingdom Bank
The loan is unsecured and bears interest at 12% per year. The loan rate is not affected by the scheme of arrangement.

(h) National Social Security Authority (NSSA)
The loan was used to finance the Harare Refinery plant upgrade. The loan is secured against plant with a value of $4 745 003. The loan will bear interest at 15% per annum from September 2015 and is repayable on 30 september 2017.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

18 LOANS AND BORROWINGS (CONTINUED)

18.3 Borrowing Powers

In terms of the company's Articles of Association, at any one time, the amount owing in respect of monies borrowed or secured by the directors, taken together with the aggregate of all similar borrowings of its subsidiary companies (but excluding inter-company) shall not without the sanction of the company in General Meeting, by ordinary resolution, exceed an amount twice the consolidated shareholders' equity. The borrowings available for utilisation are as follows:

	Group 2014 US$	Group 2013 US$
Authorised borrowings per Articles of Association	-	-
Total borrowings	37 067 338	28 998 704
-Continuing operations (Note 18.2)	35 445 737	27 290 319
-Discontinued operations (Note 9.2)	1 621 601	1 708 385
Excess over borrowing limit	**(37 067 338)**	**(28 998 704)**

The borrowings exceed the limits as per the articles of association by $37 067 338 as at 31 March 2014. At the time the borrowings were incurred the group was within its' borrowing limits. However due to the continued losses reserves have been eroded resulting in borrowings exceeding the limits per the articles of association. Shareholders will be asked to ratify the excess at the Annual General Meeting.

19 COMMITMENTS AND CONTINGENCIES

Operating lease commitments - Group as lessor

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

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2014 are as follows:

	Group 2014 US$	Group 2013 US$
Within one year	**378 603**	**321 003**
Capital expenditure commitments		
Authorised and contracted for	1 580 717	3 250 000
Authorised but not contracted for	-	-
Total	1 580 717	3 250 000

Contingencies

Other contingent liabilities

The Group has contingent liabilities amounting to $1 053 864. On the basis of management 's assessment the Board believes that there will be no outflow of funds.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

20 DEFERRED TAX

	Group 2014 US$	Group 2013 US$
Opening balance at 1 April	**2 187 255**	**361 837**
(Credit)/ charge to profit and loss	(177 923)	2 592 258
Tax on impairement of available for sale investment	(1 418)	-
Balance derecognised through loss of control	-	(85 840)
Credited to other comprehensive income	-	(681 000)
Closing balance at 31 March	**2 007 914**	**2 187 255**
-Continuing operations	2 007 914	2 187 255

20.1 Analysis of deferred taxation

	Group 2014 US$	Group 2013 US$
Property, plant and equipment	6 093 372	6 500 248
Investment property	1 382 961	1 551 863
Provision for bad debts	(864 930)	(915 088)
On available-for-sale-financial assets	-	1 420
Estimated tax loss	(4 603 487)	(4 951 188)
Net liability at 31 March	**2 007 914**	**2 187 255**

The Group has tax losses which arose in one subsidiary of $35 204 844 (2013:$33 574 576) that are available for offset against future taxable profits of the subsidiary.

Deferred tax asset has not been recognised in respect of losses of $17 355 043 (2013: $14 346 663) as it is not probale that sufficient future taxable profits will be generated against which the losses can be utilised.

21 TRADE AND OTHER PAYABLES

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Trade payables	11 320 850	15 826 721	-	-
Other payables	6 481 029	4 304 592	165 265	342 550
	17 801 879	**20 131 313**	**165 265**	**342 550**

Trade payables are non interest bearing and are normally settled on 30 day terms.ZB Bank Limited guaranteed a major trade creditor for $4 million and a portion of that creditor is secured against stock with a value of $185 645.

22. SEGMENT INFORMATION

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

- The food segment - a manufacturer of sugar products.
- The industrial segment - produces plastic packaging, processes bones into bone char and meal, and provides bulk haulage transport services. The whole of this division however was classified as held for sale during the current year under review.
- The property segment - manages offices, manufacturing and residential premises on behalf of the Group.

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

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

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

22. SEGMENT INFORMATION (CONTINUED)

	Food	Properties	Adjustments & eliminations	Consolidated
	US$	US$	US$	US$
31-Mar-14				
Revenue				
External customer	8 908 561	404 728	-	9 313 289
Inter-segment	950 746	200 102	(1 150 848)	-
Total revenue	**9 859 307**	**604 830**	**(1 150 848)**	**9 313 289**
Results				
Depreciation	(692 958)	(223 468)	-	(916 426)
Finance income	1 907	-	-	1 907
Finance cost	(4 786 967)	-	-	(4 786 967)
Impairment loss	(2 285 405)	-	-	(2 285 405)
-Profit and loss	(1 377 043)	-	-	(1 377 043)
-Other comprehensive Income	(908 362)	-	-	(908 362)
Segment loss before tax	**(12 545 464)**	**(16 377)**	**-**	**(12 561 842)**
Assets and liabilities				
Capital expenditure	5 481 997	-	-	5 481 997
Operating assets	40 440 510	26 840 644	(37 273 514)	30 007 640
Operating liabilities	(72 107 238)	(3 056 826)	19 224 757	(55 939 306)

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

	Food	Industrial (Discontinued operation)	Properties eliminations	Adjustments	Consolidated
	US$	US$	US$	US$	US$
31-Mar-13					
Revenue					
External customer	21 573 087	2 457 768	283 760	-	24 314 615
Inter-segment	1 684 678	550 908	205 205	(2 440 791)	-
Total revenue	**23 257 765**	**3 008 676**	**488 965**	**(2 440 791)**	**24 314 615**
Results					
Depreciation	(830 934)	(716 871)	(262 971)	-	(1 810 776)
Finance income	6 659	-	-	-	6 659
Finance cost	(5 322 188)	-	-	-	(5 322 188)
Impairment loss	(1 670 798)	(2 068 647)	-	-	(3 739 445)
-Profit and loss	(772 373)	(322 620)	-	-	(1 094 993)
-Other comprehensive Income	(898 425)	(1 746 027)	-	-	(2 644 452)
Share of profit of associate	1 195 997	-	-	-	1 195 997
Segment loss before tax	**(11 856 681)**	**(1 380 216)**	**(281 261)**	**-**	**(13 518 158)**
Assets and liabilities					
Capital expenditure	114 594	-	-	-	114 594
Operating assets	27 572 410	3 700 540	26 953 068	(26 978 481)	31 247 537
Operating liabilities	(60 076 384)	(3 438 243)	(904 799)	16 555 669	(47 863 757)

1. Operating assets do not include the investment in associate and deferred tax.
2. Operating liabilities for food and industrial business do not include deferred tax as this is managed at group level for the two segments.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

22. SEGMENT INFORMATION (CONTINUED)

	2014 US$	2013 US$
Reconcilliation of assets		
Segment operating assets	**30 007 640**	**31 247 537**
Assets classified as held for sale	5 085 078	10 757 559
Group operating assets	**35 092 718**	**42 005 096**
Reconciliation of liabilities		
Segment operating liabilities	**54 167 212**	**47 863 757**
Deferred tax liabilities	2 007 914	2 187 255
Liabilities classified as held for sale	2 393 271	2 322 113
Group operating liabilities	**58 568 397**	**52 373 125**
Geographic information		
Revenues from external customers		
Zimbabwe	9 313 289	24 106 569
South Africa	-	208 046
	9 313 289	24 314 615
Non-current assets		
Zimbabwe	28 729 808	24 009 663
South Africa	-	-
	28 729 808	**24 009 663**

Non-current assets for this purpose consist of property, plant and equipment and investment property.

23 PENSION AND RETIREMENT BENEFITS

23.1 starafricacorporation Limited Pension Fund

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

All eligible employees are required to be members of a group contributory pension scheme administered by an employee benefit consultancy firm.

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

	2014 US$	2013 US$
Group pension scheme - defined contribution plan	182 990	235 766
National Social Security- Defined contribution plan	67 672	40 724
	250 662	**276 490**

24 RELATED PARTY DISCLOSURES

The major shareholders are:
National Social Security Authority (NSSA), ZSR Investments Limited, Interfin Nominees and Old Mutual Life Assurance Company Limited.

Related party transactions and balances
An engineering business' assets were sold to a company controlled by a non-executive director at their market value of $318 000. An amount of $40 200 was outstanding as at 31 March 2014. Of this amount $18 000 related to purchase consideration balance and $22 200 to outstanding rentals. A company controlled by a non-executive director is renting one of the group's properties. Rentals income from this property was $18 000 (2013: $4 200).

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

24 RELATED PARTY DISCLOSURES (CONTINUED)

Terms and conditions of transactions with related parties

Transactions with related parties are made at normal market prices.

Transactions with other related parties

	2014 US$	2013 US$
Compensation of key management personnel of the Group		
Short term employee benefits	1 421 415	2 005 217
Post employment pension and medical benefits	38 771	40 812
Total compensation paid to key management personnel	**1 460 186**	**2 046 029**

	GROUP 2014 US$	 2013 US$	COMPANY 2014 US$	 2013 US$
Amounts (due to)/due from related parties				
National Social Security Authority (NSSA)	4 745 003	-	-	-
Starafrica Operations (Private) Limited	-	-	258 485	4 745 003
	4 745 003		**258 485**	**3 343 110**

The loan from NSSA was used to finance the Harare Refinery plant upgrade. The loan is secured against plant with a value of $4 745 003. The loan bears interest at 15% per annum and is repayable on 31 September 2017. (refer note 18).

The amount due from Starafrica Operations is non interest bearing and has a 30 day credit terms.

Share Purchase Scheme

The group has a share purchase scheme where 10% of the issued share capital of starafricacorporation Limited is to be allocated to executives and staff as approved at the Annual General Meeting held on 3 August 2004.

The share allocation is based on the length of service and level of earnings.

The total number of shares available for allocation is 32 million over four years beginning 2007. To date, 20 million shares have been allocated at the fair value of the shares at the time of allocation and purchase. The scheme is currently suspended.

25 FINANCIAL RISK MANAGEMENT

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

The Group is exposed to market risk, credit risk and liquidity risk.

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

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

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

25.1 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures. Such exposure arises from services and licences offered to the Group by providers outside Zimbabwe and are billed in currencies other than the Group's functional currency. The exposure is managed through continuously seeking for foreign currency to pay outstanding balances and commitments. Because of investments in Botswana, the group's Statement of financial Position can be affected significantly by movements in the US$/ Pula exchange rates respectively. As there are no foreign currency denominated monetary assets and liabilities as at year end, no sensitivity analysis has been presented.

25.2 Credit Risk

The Group's financial assets which are subject to credit risk are mainly debtors and cash resources. It is the Group's policy to only trade with recognized and credit worthy third parties. About 80% of the business is on a credit basis and the customers are subject to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Cash resources are placed with various approved financial institutions. The financial institutions are of a high standing.

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

25.3 Liquidity Risk

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

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2014 based on contractual undiscounted payments.

	Less 4 months	4-12 months	More than 12 months	Total
	US$	US$	US$	US$
2014				
Loans and borrowings long term	-	-	19 555 672	19 555 672
Loans and borrowings short term	1 621 601	-	19 753 649	21 375 250
Trade and other payables	-	-	18 573 549	18 573 549
-continuing operations (Note 21)	-	-	17 801 879	17 801 879
-discontinued operations (Note 9.2)	-	-	771 670	771 670
	1 621 601	**-**	**57 882 870**	**59 504 471**
2013				
Loans and borrowings long term	-	-	15 071 886	15 071 886
Loans and borrowings short term	10 638 636	5 696 115	-	16 334 751
Trade and other payables	20 745 041	-	-	20 745 041
-continuing operations (Note 21)	20 131 313	-	-	20 131 313
-discontinued operations (Note 9.2)	613 728	-	-	613 728
	31 383 677	**5 696 115**	**15 071 886**	**52 151 678**

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

25 FINANCIAL RISK MANAGEMENT (CONTINUED)

25.5 Interest Risk

This is the rate that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The Group manages its interest cost and risk by using fixed rate debts, hence no sensitivity analysis is provided.

25.6 Capital Management

Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

In an effort to manage the Group capital structure, the Group entered into a scheme of arrangement with its lenders and creditors which restructered the debt, interest rates and repayment terms.

No changes were made in the objectives, policies or processes during the year ended 31 March 2014.

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

The Group has exceeded the gearing ratio target . To return to the target ratio, the Group is working on a turnaround programme to return to profitability. Refer Note 27.

	2014 US$	2013 US$
Loans and Borrowings-long term (Note 18.1)	17 633 609	10 000 000
Loans and Borrowings-short term (Note 18.2)	17 812 128	17 290 319
Trade and other payables (Note 21)	17 801 879	20 131 313
Less: cash and short term deposits (Note 17.4)	(138 660)	(432 986)
Net debt	53 108 956	46 988 646
Equity	(24 848 529)	(11 902 360)
Capital and net debt	28 260 427	35 086 286
Gearing ratio	188%	134%

25.7 Fair values of financial instruments

Set out below is a comparison by category of the carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Financial assets				
Carrying amount				
Cash (Note 17.4)	138 660	483 394	648	270 648
Trade and other accounts receivables	1 073 426	2 560 204	258 485	3 343 110
-Continuing operations (Note 16)	536 939	2 112 419	258 485	3 343 110
-Discontinued operations (Note 9.2)	536 487	447 785	-	-
Other financial assets	-	11 181		
	1 212 086	3 054 779	259 133	3 613 758

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

25.7 Fair values of financial instruments (continued)

Set out below is a comparison by category of the carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements;

	GROUP 2014 US$	GROUP 2013 US$	COMPANY 2014 US$	COMPANY 2013 US$
Fair values				
Cash (Note 17.4)	138 660	483 394	648	270 648
Trade and other accounts receivables	1 073 426	2 560 204	1 794 644	1 445 319
-Continuing operations (Note 16)	536 939	2 112 419	1 794 644	1 445 319
-Discontinued operations (Note 9.2)	536 487	447 785	-	
Financial assets	-	11 181	-	
	1 212 086	**3 054 779**	**1 795 292**	**1 715 967**
Financial liabilities				
Carrying amount				
Interest bearing borrowings and loans -long term(Note 18.1	17 633 609	10 000 000		
Interest bearing borrowings and loans-short term (Note 18.2)	17 812 128	17 290 319		
Trade and other accounts payables (Note 21)	17 801 879	20 131 313		
	53 247 616	**47 421 632**		
Fair values				
Interest bearing borrowings and loans - long term(Note 18.1)	14 615 045	10 000 000		
Interest bearing borrowings and loans-short term (Note 18.2)	14 761 931	17 290 319		
Trade and other accounts payables (Note 21)	17 801 879	20 131 313		
	47 178 855	**47 421 632**		

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

26. REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND FAIR VALUE OF INVESTMENT PROPERTIES

The Group measures property, plant and equipment at valuation and investment properties at fair value. An assessment of the fair values of investment property and land and buildings was carried out by independent professional valuers-Dawn Property Consultancy on a sample basis and based on the assessed sample a further assessment was carried out by management which satisfied management that the carrying amounts approximate the fair values. The assessment of values was done as at 31 March 2014 and it was concluded that there were no significant changes in property values.

The fair value of investment property was determined as follows at 31 March 2014:
Investment properties

- Independent professional valuers	1 933 000
- Directors valuations	5 492 376
Total investment properties	**7 425 376**

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

26. REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND FAIR VALUE OF INVESTMENT PROPERTIES (CONTINUED)

Owing to the current macro-economic challenges prevailing in Zimbabwe, transactions in various segments of the property market have not been active; therefore the following methods and assumptions were adopted in the valuation process:

Land and residential properties
Land and residential properties were valued at its open market value. The open market value was arrived at by reference to recent property transactions of similar properties.

Commercial and industrial buildings
Commercial and industrial buildings were valued by applying the implicit investment approach based on capitalisation of rental income.

The implicit investment approach is based on the principle that rents and capital values are inter-related hence given the income produced by a property its capital value can be estimated.

Reconcilliation of fair values	Investment properties			
	Industrial	Warehouse	Residential	Stands
Opening balance	**400 000**	**1 811 000**	**520 000**	**35 000**
Transfers from property and plant	1 056 440	-	-	-
Transfers from assets held for sale	618 000	2 623 000	376 936	-
Disposals	-	-	(15 000)	-
Closing balance	**2 074 440**	**4 434 000**	**881 936**	**35 000**

Description of valuation techniques used and key inputs to valuation on investment properties

	Valuation technique	Significant unobservable Inputs	Range
Industrial	Implicit investment	Estimated rental value per sqm	\$3.5 - \$5
		Capitalisation rate	11%
Warehouse	Implicit investment	Estimated rental value per sqm	\$1 - \$3
		Capitalisation rate	11.5% -13%
Residential	Implicit investment	Estimated rental value per sqm	\$1 - \$3
		+ Comparable	
		Capitalisation rate	11%
Land /stands	Comparable	Estimated value per sqm	\$2 - \$5

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

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

27. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2014:

		Fair value measurement using		
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Investment properties (Note 13):				
Industrial	2 074 440	-	-	2 074 440
Warehouse	4 434 000	-	-	4 434 000
Residential	881 936	-	-	881 936
Vacant Commercial Stands (Land)	35 000	-	-	35 000
Revalued property, plant and equipment (Note 12):				
Land and buildings	10 728 177	-	10 728 177	
Plant and machinery	10 154 030	-	10 154 030	
Assets held for sale (Note 9.2):				
Bluestar Logistics disposal group	1 950 000	-	1 950 000	
Assets for which fair values are disclosed (Note 12)				
Packaging division property plant and equipment	741 151	-	741 151	
Retail division property plant and equipment	645 720	-	645 720	
Liabilities for which fair values are disclosed (Note 25.7)				
Short term loans and borrowings	14 761 931	-	14 761 931	
Long term loans and borrowings	14 615 046	-	14 615 046	
2013				
Available-for-sale investment		11 181	-	-

During the year there were no transfers between categories.

Valuation Techniques

Bluestar Logistics Disposal Group
Bluestar Logistics was classified as held for sale in 2013 and was measured at fair value as at 31 March 2014. The fair value of this disposal group was determined based on the average offers received from potential buyers for the business.

Loans and borrowings
The fair value of loans and borrowings was determined based on an estimated market related interest rate of 15% and the payment terms under the scheme of arrangement with lenders and creditors.

In terms of IFRS 13 the fair value of a liability reflects the effect of non-performance risk. Non- performance risk includes, but is not limited to, the group's own credit risk and settlement risk. The group's credit and settlement risk was assessed as high as is evidenced by the scheme of arrangement explained in Note 18. Management could

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

27. FAIR VALUE MEASUREMENT (CONTINUED)

not determine the adjustment required to the estimated market related interest rate above for non-performance risk. Management could not reliably determine the Group's credit spread as there are no quoted prices for corporate bonds of similar credit quality to the Group's loans and borrowings. Furthermore, there are no borrowers of a similar credit rating as the Group's. Accordingly, the fair value of the Company's liabilities could not be accurately determined.

Fair value less cost to sell for property plant and equipment

The fair values of property plant and equipment for the packing division and retail divisions was determined by reference to prices of similar assets in a similar condition.

28. Going concern

The group has continued to report significant losses in the last five years with a net loss for the year ended 31 March 2014 of $12.2 million (2013:$16.4million). As at that date, its total liabilities exceeded total assets by $23.2 million and current liabilities exceed current assets by $32.3 million (2013 $22.2 million). In addition, the borrowing powers of the Group as stipulated in the Memorandum and Articles of Association had been exceeded by $37.1 million as at year end. To address the working capital position and return the group to profitability, management are implementing the key deliverables of the turnaround plan:

Scheme of Arrangement

- The Group entered into a Scheme of Arrangement with its creditors and lenders and the Scheme was sanctioned by the High Court on 7 August 2013 and registered with the Registrar of Companies on 14 August 2013.
- The scheme entailed a restructuring of both the Company's debt and the disposal of two business units that are non-core to the refinery business and allowed the company a moratorium period of 6months after which capital and interest payments would resume. The company has not been able to dispose of the business units identified in the scheme and consequently has not made the capital and interest payments that were due by the 7th of February 2014. Management is in discussion with potential buyers for the identified business units and anticipates that these transactions will be concluded by 30 September 2014. Proceeds from the disposals will be applied towards partly settling lenders and creditors, in line with the Scheme of Arrangement.

GSSH Plant Upgrade

- Significant progress has been made on the plant upgrade project at Goldstar Sugars Harare ("GSSH"). Commissioning of the plant is expected in the second week of September 2014. Management believes that the company will be able to reclaim the market share, which, in the current domestic supply constraints, is dominated by imports.

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

  The financial statements are prepared on the basis that the group will continue to be a going concern. This basis of preparation presumes that the plant upgrade project will be successfully completed as per time line, the scheme of arrangement will continue in force for the period agreed and the company will return to profitability and will therefore realise its assets and discharge its liabilities in the ordinary course of business.

Notes to the Financial Statements (cont`d)

For the year ended 31 March 2014

29. Events after the reporting date

Significant progress has been made on the plant upgrade project at Goldstar Sugars Harare. The plant is undergoing commissioning. The first 2 stages of this process, being (i) dry runs which entail test running of empty equipment to confirm that it has been connected correctly and is able to achieve all operating sequences and (ii) wet runs whereby equipment is filled with water to simulate operating conditions, have been successfully completed. The last stage which involves putting feedstock (raw sugar) into the plant for processing to confirm that the plant operates in line with the parameters agreed in the equipment supply contract is in progress and full scale production is anticipated for the second week of September 2014.

Shareholder information

As at 31 March 2014

Shareholders Analysis	Number of Shareholders	Number of shares	% of Shares
2014			
Major shareholder - non resident	1	40 266 971	7.77
Other - non resident	337	13 988 803	2.69
Total external shareholders	**338**	**54 255 774**	**10.46**
Nominee Companies	71	49 334 720	9.52
Companies	250	32 385 166	6.25
Insurance Companies	23	103 706 607	20.00
Pension and Benefit Funds	43	138 358 822	26.69
Other	2 576	140 428 031	27.09
Total local shareholders	**2 963**	**464 213 346**	**89.54**
TOTAL	**3 301**	**518 469 120**	**100.00**
2013			
Major shareholder - non resident	1	64 658 771	12.47
Other - non resident	124	37 141 124	7.16
Total external shareholders	**125**	**101 799 895**	**19.63**
Nominee Companies	72	48 528 764	9.36
Companies	265	34 398 011	6.63
Insurance Companies	24	101 849 061	19.64
Pension and Benefit Funds	91	171 430 685	33.06
Other	2 749	60 462 704	11.68
Total local shareholders	**3 201**	**416 669 225**	**80.37**
TOTAL	**3 326**	**518 469 120**	**100.00**
Significant shareholders			
National Social Security Authority		124 838 354	24.07
Old Mutual Life Assurance Company Zimbabwe Limited		55 607 354	10.73
ZSR Investments (UK) Limited		40 266 971	7.77
Interfin Nominees (Private) Limited		35 000 000	6.75
J S Mutizwa Family Trust		30 832 308	5.95

	Number of shares	
Directors' shareholding	**Direct**	**Indirect**
JS Mutizwa	-	30 832 308
SM Mushiri	-	4 085 518
T Chiganze	8 119	-
HT Chikova	-	-
J Kanyekanye	-	-
R Mutyiri	-	-
RJ Mbire	-	-
K Chibota	-	-

Form of Proxy

I/We...

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

………………………………………….................…………………………………………………………………………….. of

....as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting to be held at the Head Office starafricacorporation limited, Stand Number 45 Douglas Road, Workington, Harare on 29 September 2014 at 11.30am and at any adjournment thereof.

Signed this..day of... 2014

Signature

NOTES

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

starafricacorporation limited

Power of Partnerships