



Reviewed Interim Abridged Financial Results

For The Six Months Ended 30 September 2021

OPERATIONS OVERVIEW

	Six months ended 30 September 2021	Six months ended 30 September 2020	Percentage change
Sales Volumes – Goldstar Sugars (tonnes)	39,294	26,959	46%
Sales Volumes – Country Choice Foods (tonnes)	809	637	27%

FINANCIAL RESULTS OVERVIEW

	Inflation adjusted	Historical Cost
Revenue	+38%	+168%
EBITDA	+20%	+146%
Net assets	+9%	+34%

CHAIRMAN'S STATEMENT

OVERVIEW

I take great pleasure in presenting the financial results of the Group for the six months ended 30 September 2021, which show that the group has enhanced its profitability and net asset base.

The operating environment for the period under review saw the year-on-year inflation rate dropping to double digit numbers from August 2021, a culmination of the various fiscal stabilisation initiatives that Government undertook since the introduction of the Reserve Bank of Zimbabwe Foreign Currency Auction Trading System in July 2020. The period was characterised by a healthier economic environment although electricity and water supply remained erratic during the period under review.

The third wave of the Covid-19 pandemic was also witnessed during this period, although the Group's operations were largely unaffected due to its designation as an essential services provider by Government and the success of the Covid-19 risk mitigation initiatives implemented across the Group. Commendable success has been recorded in the vaccination of all employees which was made possible from the success of Government's National Covid-19 Vaccination Programme. Although significant progress has been made in Covid-19 risk management, the business remains on high alert for any possible changes in the risk environment such as the recent threat posed by the novel super-variant, Omicron, detected in November 2021. The business continues to review its comprehensive risk strategy to ensure it is revised to suit and address any new challenges presented.

GROUP RESULTS

The financial results of the Group have been inflation adjusted in compliance with the requirements of IAS 29 and the historical numbers have been disclosed as supplementary information. A notable increase in turnover was noted in the period under review from ZWL\$2.84 billion to ZWL\$3.92 billion, translating to a 38% increase. The escalation was largely buoyed by the enhanced throughput at Goldstar Sugars and the strength of the demand for all the Group's products which remained high during the period under review. The improved turnover is also a recovery from the prior year's depressed performance which had been caused by a 3-week shutdown in operations between July and August 2020 because of a Covid-19 incident that had occurred at the Harare Refinery. The Group's earnings before interest, tax, depreciation, and amortisation also grew by 20% from ZWL\$482.10 million in the prior year comparative period to ZWL\$579.68 million in the six months ended 30 September 2021. The improved financial performance is a direct outcome of the capital investment and equipment maintenance plan which has resulted in the increased plant throughput in the period under review.

In historical terms, revenue increased by 168% to ZWL\$3.59 billion from ZWL\$1.34 billion recorded in the prior year comparative period, while EBITDA increased by 146% to ZWL\$533.03 million from ZWL\$216.29 million.

The Group's net working capital increased to ZWL\$739.5 million from ZWL\$370.8 million.

OPERATIONS

Goldstar Sugars Harare (GSSH)

As a result of the comprehensive capital investment and equipment maintenance plan, GSSH sold 39,294 tonnes against 26,959 tonnes sold in the prior year comparative period. This 46% improvement in sales was possible due to the demand for white refined sugar in the market which remains high. However, unlike in the prior comparative period, no export sales were recorded in the period under review as all production was absorbed in the domestic market with demand still heavily outstripping supply. The procurement and commissioning of two new centrifugal machines, an effluent treatment plant, an injector pump, coupled with the rigorous plant maintenance regime that has been put into effect, are expected to augment throughput in the second half of the year to fully satisfy local demand.

Water supply to the plant was adversely affected by supply side constraints from the Harare City Council resulting in a disproportionately higher amount of water being sourced from private suppliers which pushed production costs upwards. Electricity supply, though marginally improved from the prior year comparative period, remained erratic largely due to electrical faults.

The rehabilitation of the raw sugar warehouse, which was razed down by a fire last year, is well underway and expected to be completed by end of March 2022. Once completed, the structure will be able to house 15,000 tonnes of raw sugar which will assist in supporting efforts to increase productivity through stable inlet of the primary raw material into production.

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

Country Choice Foods (CCF)

CCF products continued to dominate the market with the unit having implemented a successful cost leadership strategy that has positioned its products among the most affordable in the market. This has led to sales volumes increasing by a laudable 27% from the prior year comparable period. The procurement and commissioning of the syrup filling machine and the icing packing machine in the second half of the year are expected to further boost production at the unit through automation of some production processes. During the six months under review, the unit launched new products into the market namely, chocolate, lemon and mint icing and bun and bread premixes which expanded the product portfolio. The unit continues exploring trade channels of making further inroads into the regional market with its products.

Properties Business

The revenues of this business unit remained largely stagnant with ZWL\$12.57 million worth of revenue recorded as compared to the ZWL\$12.41 million in the prior year comparative period. The unit's growth was stalled by the adverse effects of the Covid-19 pandemic which have reduced tenants' ability to generate income and meet their rental obligations. As the economy recovers from the Covid-19 and hyperinflation induced slump in the second half of the year, occupancy levels and revenues are expected to grow markedly.

Tongaat Hulett Botswana

The associate recorded a profit after tax of ZWL\$91.1 million, of which the company's share was ZWL\$30.4 million after converting the earnings into Zimbabwean Dollars at the RBZ auction exchange rate obtaining on 30 September 2021.

SCHEME OF ARRANGEMENT

The Scheme of arrangement, whose tenure expires in 2022, remains in place with 99.9% of creditors having been settled. During the period under review an amount equivalent to ZWL\$654,451 was made as a final payment to an offshore creditor which extinguished the last of the Group's foreign currency denominated obligations. Efforts to trace the whereabouts of the few remaining local scheme creditors are ongoing.

DIVIDEND

Considering the Group's thrust to re-capitalise the business through replacement and refurbishment of critical items of plant and machinery and the desire to ensure adequate working capital is maintained, the Board has deemed it fit not to declare a dividend for the six months ended 30 September 2021.

OUTLOOK

The Board views these financial results as a key milestone reached that cements the Group's thrust towards future profitability even in the face of a harsh operating environment such as noted in these six months under review. Sustained improvement in throughput is expected in all the product-lines as the Group continues to pursue high levels of operating efficiencies, health and safety standards and maximisation of shareholder value. The Board is confident that the gains achieved to date will be sustained.

The pronouncements made in the recent National Budget Statement are expected to further stabilise the economy into the second half of the year, fostering a conducive environment for industry to flourish. The Group will continue maximising on the benefit of the RBZ auction system in securing critical raw materials, spares, and machinery. The company continues to monitor the Covid-19 situation in the country, where a fourth wave may sweep through in the short-term due to the emergence of the Omicron super-variant.

Going forward, the company will focus on completing the outstanding capital investment projects.

CONCLUSION

I wish to thank the Company's management and employees for the dedication and resilience shown during the period under review which has yielded these results. My gratitude is also extended to my fellow board members, customers, suppliers, and shareholders who continue to express unwavering support towards the Company's success.

R. J. Mbire (PhD)
ACTING CHAIRMAN
27 JANUARY 2022

INTERIM ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the period ended 30 September 2021

	INFLATION ADJUSTED Reviewed Period ended 30 Sep 2021 ZWL\$	Restated Period ended 30 Sep 2020 ZWL\$	Notes	HISTORICAL Unreviewed Period ended 30 Sep 2021 ZWL\$	Unreviewed Period ended 30 Sep 2020 ZWL\$
Revenue	3,921,280,487	2,842,378,601		3,591,999,532	1,341,200,856
Earnings before Interest ,Tax,Depreciation & Amortisation (EBITDA)	579,681,731	482,099,015		533,026,499	216,291,254
Depreciation	(36,904,989)	(22,233,647)		(7,306,392)	(2,836,284)
Earnings before Interest & Tax	542,776,742	459,865,368		525,720,107	213,454,970
Monetary loss	(245,218,908)	(56,175,228)	1.2	-	-
Impairment loss	-	(51,350,298)		-	(33,883,660)
Fair value adjustment on investment property	(83,083,166)	128,417,383	3	18,650,000	355,480,535
Exchange gain/(loss)	1,191,236	(379,919,577)		1,293,769	(250,617,761)
Net finance costs	(865,714)	(32,926,640)		(739,396)	(15,751,433)
Share of profit of associate	30,369,201	50,490,457		30,369,201	33,316,291
Profit before taxation	245,169,391	118,401,465		575,293,681	301,998,942
Income tax expense	(128,451,128)	(199,872,157)		(143,464,175)	(56,894,412)
Profit/(loss) for the period	116,718,263	(81,470,692)		431,829,506	245,104,530
Profit/(loss) for the period attributable to:					
Non-controlling interest	(6,151,498)	7,389,912		2,391,274	20,925,038
Equity holders of the parent	122,869,761	(88,860,604)		429,438,232	224,179,492
	116,718,263	(81,470,692)		431,829,506	245,104,530
Earnings/(loss) per share (cents)					
Basic	2.56	(1.74)	5	8.93	4.66
Diluted	2.56	(1.74)	5	8.93	4.66
Headline	3.84	2.20	5	8.62	3.02
Weighted average number of shares	4,808,662,335	4,808,662,335		4,808,662,335	4,808,662,335
Number of shares for diluted earnings	4,808,662,335	4,808,662,335		4,808,662,335	4,808,662,335
Adjusted earnings for headline EPS (ZWL\$)	184,518,006	105,838,990		414,424,563	145,238,796

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

INTERIM ABRIDGED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the period ended 30 September 2021

	INFLATION ADJUSTED Reviewed Period ended 30 Sep 2021 ZWL\$	Restated Period ended 30 Sep 2020 ZWL\$	Notes	HISTORICAL Unreviewed Period ended 30 Sep 2021 ZWL\$	Unreviewed Period ended 30 Sep 2020 ZWL\$
Profit /(loss) for the period	116,718,263	(81,470,692)		431,829,506	245,104,530
Other comprehensive income (net of tax)	(62,981,749)	361,862,034		22,642,658	546,949,419
Exchange differences on translating foreign operations	5,760,928	216,516,971		5,760,928	142,869,422
Revaluation of property, plant and equipment net of tax	(68,742,677)	145,345,063		16,881,730	404,079,997
Total comprehensive income for the period	53,736,514	280,391,342		454,472,164	792,053,949
Total comprehensive income for the period attributable to:					
Non controlling interest	(6,151,498)	7,389,912		2,391,274	20,925,038
Equity holders of the parent	59,888,012	273,001,430		452,080,890	771,128,911
	53,736,514	280,391,342		454,472,164	792,053,949

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INTERIM ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2021

	INFLATION ADJUSTED Reviewed As at 30 Sep 2021 ZWL\$	Restated As at 31 Mar 2021 ZWL\$	Notes	HISTORICAL Unreviewed As at 30 Sep 2021 ZWL\$	Unreviewed As at 31 Mar 2021 ZWL\$
ASSETS					
Non current assets	1,585,542,764	1,817,903,472		1,282,432,074	1,238,365,661
Property, plant and equipment	955,298,310	1,030,599,093	6	652,187,620	588,211,803
Investment property	500,910,000	583,993,166	3	500,910,000	482,260,000
Investment in associate	129,334,454	203,311,213		129,334,454	167,893,858
Current assets	1,491,492,094	1,006,574,099		1,475,346,433	815,915,549
Total assets	3,077,034,858	2,824,477,571		2,757,778,507	2,054,281,210
EQUITY AND LIABILITIES					
Equity	2,022,833,831	1,855,414,580		1,783,383,133	1,328,910,969
Attributable to equity holders of the parent	1,945,994,211	1,772,423,462		1,744,275,615	1,292,194,725
Equity component of compound financial instruments	3,335,079	3,335,079		99,792	99,792
Non-controlling interest	73,504,541	79,656,039		39,007,726	36,616,452
Non current liabilities	302,195,787	333,283,354		222,390,134	200,345,111
Deferred tax liability	302,195,787	333,283,354		222,390,134	200,345,111
Current liabilities	752,005,240	635,779,637		752,005,240	525,025,130
Loans and borrowings	729,740	1,625,462		729,740	1,342,302
Trade and other payables	751,275,500	634,154,175		751,275,500	523,682,828
Total liabilities	1,054,201,027	969,062,991		974,395,374	725,370,241
Total equity and liabilities	3,077,034,858	2,824,477,571		2,757,778,507	2,054,281,210

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



Reviewed Interim Abridged Financial Results
For The Six Months Ended 30 September 2021

INTERIM ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 September 2021

	Equity holders of the parent ZWL\$	Equity component of compound financial instruments ZWL\$	Non-controlling interest ZWL\$	Total ZWL\$
INFLATION ADJUSTED				
Balance as at 31 March 2021	1,886,106,199	3,335,079	79,656,039	1,969,097,317
Total comprehensive income	59,888,012	-	(6,151,498)	53,736,514
Profit for the period	122,869,761	-	(6,151,498)	116,718,263
Other comprehensive income	(62,981,749)	-	-	(62,981,749)
Balance as at 30 September 2021	1,945,994,211	3,335,079	73,504,541	2,022,833,831
HISTORICAL				
Balance as at 31 March 2021	1,292,194,725	99,792	36,616,452	1,328,910,969
Total comprehensive income	452,080,890	-	2,391,274	454,472,164
Profit for the period	429,438,232	-	2,391,274	431,829,506
Other comprehensive income	22,642,658	-	-	22,642,658
Balance as at 30 September 2021	1,744,275,615	99,792	39,007,726	1,783,383,133

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

INTERIM ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 September 2021

	Equity holders of the parent ZWL\$	Equity component of compound financial instruments ZWL\$	Non-controlling interest ZWL\$	Total ZWL\$
INFLATION ADJUSTED				
Balance as at 31 March 2020	1,325,777,908	208,001,184	75,156,150	1,608,935,242
Total comprehensive income	273,001,430	-	7,389,912	280,391,342
Profit for the period	(88,860,604)	-	7,389,912	(81,470,692)
Other comprehensive income	361,862,034	-	-	361,862,034
Reversal of revaluation on warehouse impairment loss	(42,511,714)	-	-	(42,511,714)
Settlement of compound financial instruments	-	(1,497,113)	-	(1,497,113)
Exchange difference on foreign denominated compound financial instruments	-	74,742,419	-	74,742,419
Balance as at 30 September 2020	1,556,267,624	281,246,490	82,546,062	1,920,060,176
HISTORICAL				
Balance as at 31 March 2020	288,971,056	21,567,944	10,470,683	321,009,683
Total comprehensive income	771,128,911	-	20,925,038	792,053,949
Profit for the period	224,179,492	-	20,925,038	245,104,530
Other comprehensive income	546,949,419	-	-	546,949,419
Reversal of revaluation on warehouse impairment loss	(28,028,996)	-	-	(28,028,996)
Settlement of compound financial instruments	-	(491,711)	-	(491,711)
Exchange difference on foreign denominated compound financial instruments	-	49,319,026	-	49,319,026
Balance as at 30 September 2020	1,032,070,971	70,395,259	31,395,721	1,133,861,951

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

INTERIM ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 30 September 2021

	INFLATION ADJUSTED		HISTORICAL	
	Period ended 30 Sep 2021 ZWL\$	Period ended 30 Sep 2020 ZWL\$	Period ended 30 Sep 2021 ZWL\$	Period ended 30 Sep 2020 ZWL\$
Cash flows generated from operations	282,001,203	475,787,478	241,031,733	81,708,537
Taxation paid	(42,366,338)	(39,233,298)	(39,983,634)	(20,595,695)
Net Finance costs paid	(819,602)	(988,888)	(697,506)	(458,859)
Net cash flows from operating activities	238,815,263	435,565,292	200,350,593	60,653,982
Net cash flows received from investing activities	29,559,225	71,862,041	26,125,758	53,368,226
Net cash flows (used) in financing activities	(780,144)	(25,491,356)	(654,451)	(10,788,879)
Net increase in cash and cash equivalents	267,594,344	481,935,977	225,821,900	103,233,329
Net foreign exchange difference	(89,381,177)	(194,071,651)	1,251,754	170,903,387
Cash and cash equivalents at 1 April	280,480,712	201,714,476	231,620,225	48,913,454
Cash and cash equivalents at 30 September	458,693,879	489,578,802	458,693,879	323,050,150

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SUPPLEMENTARY INFORMATION
for the period ended 30 September 2021

	INFLATION ADJUSTED		HISTORICAL	
	As at 30 Sep 2021	As at 31 Mar 2021	As at 30 Sep 2021	As at 31 Mar 2021
Number of shares in issue	4,808,662,335	4,808,662,335	4,808,662,335	4,808,662,335
Inventory (current assets)	439,220,478	383,686,278	429,387,306	306,258,157
Trade and other receivables (current assets)	387,847,657	263,062,161	387,847,657	217,236,031
Trade and other payables (current liabilities)	751,275,500	634,154,175	751,275,500	523,682,828
Interest bearing borrowings-short term	729,740	1,625,462	729,740	1,342,302

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:31). These interim abridged consolidated financial results were extracted from the full set of the interim condensed consolidated financial statements of Starafrika Corporation Limited which were prepared in accordance with International Financial Reporting Standards (IFRS) except for non-compliance with IAS 21 “Effects of Changes in Foreign Exchange Rates”, the requirements of the Companies and Other Business Entities Act (Chapter 24:31) and the requirements of the Zimbabwe Stock Exchange. The Group’s presentation currency is the Zimbabwean Dollar (ZWL\$) rounded off to the nearest dollar, which is the functional currency of the Group’s operations in Zimbabwe.

The Group Financial Statements have been prepared in line with IAS 29.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

1.1 Functional Currency

The Government of Zimbabwe adopted a multi-currency regime in 2009. The British Pound, Euro, United States Dollar (USD), South African Rand (ZAR) and Botswana Pula were adopted as the multi-currency basket in February 2009. In January 2014, the Reserve Bank of Zimbabwe (RBZ) issued a Monetary Policy Statement which added the Chinese Yuan, Australian Dollar, Indian Rupee, Japanese Yen into the basket of multi-currencies. At the onset, the USD and the ZAR were the commonly used currencies, with the USD eventually gaining prominence resulting in it being designated as the functional and presentation currency by the transacting public and the Monetary Authorities, including the Group.

On 22 February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019 as an amendment to the Reserve Bank of Zimbabwe Act. It introduced a new currency called the Real Time Gross Settlement Dollar (now ZWL\$) and also directed that all assets and liabilities that were in United States Dollars (US\$) immediately before 22 February 2019 (with the exception of those referred to in Section 44C (2) of the Reserve Bank Act) be deemed to have been in ZWL\$ at a rate of 1:1 to the US\$. The guidance issued by the Public Accountants and Auditors Board (PAAB) notes that this is contrary to IAS21 “The effects of changes in Foreign Exchange Rates”. IAS 21 requires an entity to apply certain parameters to determine the functional currency for use in preparing financial statement. It also requires the exercise of judgments regarding exchange rates in circumstances where exchangeability through a legal and market exchange system is not achievable. The Group however adopted the RTGS dollar as the new functional and reporting currency with effect from 22 February at an interbank mid-rate of US\$1: ZWL \$2.5 in order to comply with Statutory Instrument 33. The interbank mid-rate was adopted as it was the only legal source of exchange rates which however did not represent the fair value of the currencies. The company therefore did not conform to the requirements of IAS 21.

On 24 June 2019 Statutory Instrument 142 introduced the Zimbabwean Dollar (ZWL\$) which is at par with the RTGS dollar, that is to say each RTGS dollar is equivalent to a Zimbabwean Dollar. The financial statements have therefore been presented in the Zimbabwean Dollar and all values have been rounded to the nearest ZWL unless otherwise stated.

On 26 March 2020, the Reserve Bank of Zimbabwe in a press statement announced various interventions in response to the financial vulnerabilities caused by the COVID-19 pandemic. One of the measures announced therein was the authorization of the use of free funds in paying for goods and services, in terms of Statutory Instrument (SI) 85 of 2020. On 24 July 2020, the Government of Zimbabwe issued Statutory Instrument (SI) 185 of 2020, which granted permission to display, quote or offer prices for all goods and services in both Zimbabwe dollars and foreign currency at the interbank exchange rate.

On 23 June 2020, the Reserve Bank of Zimbabwe introduced the Foreign Exchange Auction System, effectively abandoning the fixed foreign currency exchange rate regime which had been prevailing for the greater part of 2020. Significant trades have been recorded on the platform to dare and significant movements in the exchange rate have been resultantly recorded.

Given the context of the environment, the directors assessed if there has been a change in the functional currency used by the Group. This assessment included consideration of whether the use of free funds in paying for goods and services may represent a change in functional currency.

In light of the developments summarised above, the directors concluded that the Group’s functional currency remains the Zimbabwe dollar (ZWL) as presented in the financial statements as at 31 March 2021.

1.2. Hyperinflation

The interim condensed consolidated financial statements for the six months ended 30 September 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

These interim condensed consolidated financial statements are presented in Zimbabwean dollars. They have been prepared under the inflation adjusted accounting basis in line with the provisions of International Accounting Standard (IAS) 29 – Financial Reporting in Hyperinflationary Economies. The Directors have applied the guidelines provided by the Public Accountants and Auditors Board (PAAB) and applied the hyperinflation accounting principles. Inflation adjusted financial statements have been drawn up using the conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Central Statistical Office.

The conversion factors used to restate the financial statements are as follows:

Date	CPI	Conversion factor
30 September 2021	3 342.02	1.0000
31 March 2021	2 759.83	1.2110
30 September 2020	2 205.24	1.5155

The carrying amounts of non-monetary assets and liabilities carried at historical cost have been restated to reflect the change in the general price index as if they had been hyperinflationary from 1 April 2020. No adjustment has been made for those non-monetary assets and liabilities measured at fair value. Impairment is recognised in the profit or loss if the measured amount of a non-monetary asset exceeds the recoverable amount.

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

Gains or losses on the net monetary position have been recognised as part of profit or loss before tax in the statement of profit or loss and other comprehensive income. All amounts in the statement of cash flows were segregated into the respective months in which the cash flows actually occurred and the applicable monthly factor used to hyper-inflate the amount. Gain or losses on cash flows were included in non-cash items

2. Going concern

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) increased from ZWL\$482.01 million in the prior comparative period to ZWL\$579.68 million in the six months ended 30 September 2021. The balance sheet is in a strengthened position with a net asset position of ZWL\$2.02 billion against ZWL\$1.86 billion that was recognised as at 31 March 2021.

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

The Group’s profitability was cemented further in the six months ended 30 September 2021, emerging from a loss position recorded in the same period last year to the tune of ZWL\$81.47million. Various initiatives are being put in place to not only ensure that the Group remains a going concern, but to also enhance its productivity and profitability for maximisation of shareholder value.

Secondary Scheme

The implementation of the scheme has progressed to a stage where 99.9% of creditors under the scheme have now been settled which has resulted in not only significantly reducing the interest burden but also contributed to the further strengthening of the Group’s financial position. During the 6 months under review, no equity conversions were made under the scheme by the remaining scheme creditors. Management continues to engage the remaining creditors with a view to conversion but is also confident of meeting the eventual settlement requirements should the creditors hold out to the end of the Scheme in February 2022.

Plant capacity enhancements

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

The Group has invested significantly in plant capacity enhancements through is capital investment strategy meant to refurbish and replace critical items of plant and machinery. During the 6 months under review, the Group managed to procure major items of equipment such as centrifugal machines, effluent treatment plant, syrup filler machine and an icing packing machine which are expected to boost throughput at both Goldstar Sugars and Country Choice Foods. The RBZ Auction System, introduced in July 2020, is commended for the availing of the requisite foreign currency used in procuring the various capital equipment and other raw materials needed for daily operations.

Management is confident that the notable improvement in profitability of the Group and the positive economic outlook will be maintained and enhanced through product and market development to meet the forecast volumes for the second half of the year and beyond.

The interim financial statements are prepared on the basis that the Group will continue to be a going concern. This basis of preparation is on the assumption that the forecast production and sales will be achieved and that the Group will continue strengthening its net asset base and improve profitability.

3. Investment Property

	INFLATION ADJUSTED		HISTORICAL	
	Reviewed 30 Sep-21 ZWL\$	Restated 31 Mar-21 ZWL\$	Unreviewed 30 Sep-21 ZWL\$	Unreviewed 31 Mar-21 ZWL\$
Balance at 1 April	583,993,166	648,698,697	482,260,000	157,302,016
Valuation gain on investment property	(83,083,166)	(64,705,531)	18,650,000	324,957,984
Closing Balance	500,910,000	583,993,166	500,910,000	482,260,000
	INFLATION ADJUSTED		HISTORICAL	
	Reviewed 30 Sep-21 ZWL\$	Restated 30 Sep-20 ZWL\$	Unreviewed 30 Sep-21 ZWL\$	Unreviewed 30 Sep-20 ZWL\$
Revenue and expenses relating to investment property				
Rental income	12,565,876	12,411,313	11,416,237	6,574,987
Operating costs	(1,184,440)	(3,638,370)	(1,073,067)	(1,915,228)



Reviewed Interim Abridged Financial Results

For The Six Months Ended 30 September 2021

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

Fair Value Hierarchy

The following table shows an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value hierarchy;

Fair value measurement using significant unobservable inputs (Level 3)	INFLATION ADJUSTED		HISTORICAL	
	Reviewed 30 Sep-21 ZWL\$	Restated 31 Mar-21 ZWL\$	Unreviewed 30 Sep-21 ZWL\$	Unreviewed 31 Mar-21 ZWL\$
Industrial	243,710,000	284,125,402	243,710,000	234,630,000
Warehouse	244,760,000	285,360,572	244,760,000	235,650,000
Residential	12,440,000	14,507,182	12,440,000	11,980,000
Total	500,910,000	583,993,166	500,910,000	482,260,000

Valuation approach for investment property

The group accounts for its investment property using the fair value model. A valuation of land and buildings was carried on the 30th of September 2021 with assistance from valuation experts, Dawn Properties Consultancy. Fair value of the properties was determined by valuing the investment property using exchange rates prevailing at the end of September 2021. The difference between the restated carrying amount as at 31 March 2021 and the fair value as at 30 September 2021 was recognized as the fair value adjustment in ZWL terms and recognized as such in the statement of profit and loss and other comprehensive income.

4. Income Tax Expense

	INFLATION ADJUSTED		HISTORICAL	
	Reviewed 30 Sep-21 ZWL\$	Restated 30 Sep-20 ZWL\$	Unreviewed 30 Sep-21 ZWL\$	Unreviewed 30 Sep-20 ZWL\$
Income taxes				
Current period	120,469,497	77,288,118	120,469,497	50,998,814
Tax on foreign dividends	16,495,884	22,591,426	14,937,906	14,620,117
Deferred tax	(8,514,253)	99,992,613	8,056,772	(8,724,519)
	128,451,128	199,872,157	143,464,175	56,894,412

5. Earnings/ (Loss) per share

The option for some of the remaining Secondary Scheme creditors to convert their debts to ordinary shares gives rise to potentially dilutive ordinary shares as at 30 September 2021.

The authorised share capital levels are as follows:

- Ordinary Shares 7 billion at a nominal price of \$ 0.01 each
- Preference Cumulative Shares 3 billion at a nominal price of \$ 0.01 each

As at 30 September 2021 the actual shares in issue were 4 808 662 335 and these were used for calculation of loss per share as no shares were subscribed during the period.

Shares used for computation of diluted earnings per share were the same as those for basic earnings per share because the incremental impact of a potential 443 514 182 shares from outstanding Scheme creditors who have conversion rights is anti-dilutive. The test for dilutive effect was done using the "if converted" method which compared the impact of conversion (assuming it took place on 1 April 2021) on earnings (net of tax)(ZWL\$ 429 438 232) against the potential ordinary shares there from (4 809 333 927 shares). The result was anti-dilutive as the incremental earnings per share was higher than the basic earnings per share. The Group then had to disregard the potential ordinary shares in the computation of diluted earnings per share. In prior year comparative period, potentially dilutive shares were also disregarded as they had an anti-dilutive effect on the profit per share then.

There are potentially 671 592 shares arising from the outstanding Scheme creditors with convertible rights who are Concurrent creditors.

	INFLATION ADJUSTED		HISTORICAL	
	Reviewed Period ended 30 Sep-21 ZWL\$	Restated Period ended 30 Sep-20 ZWL\$	Unreviewed Period ended 30 Sep-21 ZWL\$	Unreviewed Period ended 30 Sep-20 ZWL\$
5.1 Basic earnings per share				
Profit attributable to equity holders of the parent	122,869,761	(83,491,862)	429,438,232	224,179,492
Weighted average number of ordinary shares in issue	4,808,662,335	4,808,662,335	4,808,662,335	4,808,662,335
Earnings per share (cents)	2.56	(1.74)	8.93	4.66
5.2 Diluted earnings per share				
Profit attributable to equity holders of the parent	122,869,761	(83,491,862)	429,438,232	224,179,492
Weighted average number of ordinary shares adjusted for the effect of dilution	4,808,662,335	4,808,662,335	4,808,662,335	4,808,662,335
Earnings per share (cents)	2.56	(1.74)	8.93	4.66
5.3 Headline earnings per share				
Headline earnings	184,518,006	105,838,990	414,424,563	145,238,796
Weighted average number of ordinary shares in issue	4,808,662,335	4,808,662,335	4,808,662,335	4,808,662,335
Headline earnings per share (cents)	3.84	2.20	8.62	3.02
Reconciliation of earnings used in calculating earnings per share				
Profit Attributable to equity holders of the group Adjusted for:				
Fair value gain on investment properties	83,083,166	(128,417,383)	(18,650,000)	(355,480,535)
Exchange (gain) / loss net of dilution losses on equity-accounted investments	(1,191,236)	379,919,577	(1,293,769)	250,617,761
Adjusted earnings	204,761,691	168,010,332	409,494,463	119,316,718
Total tax effect on adjustments	(20,243,685)	(62,171,342)	4,930,100	25,922,078
Headline earnings	184,518,006	105,838,990	414,424,563	145,238,796

6. Property, Plant & Equipment

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

At date of revaluation, 30 September 2021, the properties' fair values were determined by Dawn Properties Consultants, an accredited independent valuer. The valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.



6. Property, Plant & Equipment (Continued)

INFLATION ADJUSTED (REVIEWED)	Land and buildings ZWL\$	Plant & Machinery ZWL\$	Commercial vehicles ZWL\$	Passenger vehicles ZWL\$	Furniture & equipment ZWL\$	Total
Cost						
Balance as at 1 April 2021	655,754,114	703,286,864	108,104	1,482,128	31,395,247	1,392,026,457
Additions	3,827,671	31,742,011	-	13,348,175	4,001,339	52,920,196
Revaluation of property	(97,111,785)	-	-	-	-	(97,111,785)
Balance at 30 September 2021	562,470,000	735,028,875	108,104	14,831,303	35,396,586	1,347,834,868
Accumulated depreciation						
Balance as at 1 April 2021	-	348,671,572	108,104	385,808	12,261,880	361,427,364
Depreciation charge for the period	5,795,795	28,149,677	-	1,524,960	1,434,557	36,904,989
Depreciation reversal on revaluation	(5,795,795)	-	-	-	-	(5,795,795)
Balance as at 30 September 2021	-	376,821,249	108,104	1,910,768	13,696,437	392,536,558
Balance as at 30 September 2021	562,470,000	358,207,626	-	12,920,535	21,700,149	955,298,310
Balance as at 31 March 2021	655,754,114	354,615,292	-	1,096,320	19,133,366	1,030,599,093

HISTORICAL (UNREVIEWED)	Land and buildings ZWL\$	Plant & Machinery ZWL\$	Commercial vehicles ZWL\$	Passenger vehicles ZWL\$	Furniture & equipment ZWL\$	Total
Cost						
Balance as at 1 April 2021	541,520,000	56,054,423	3,376	747,615	2,857,444	601,182,858
Additions	3,585,702	29,626,574	-	11,846,026	3,503,639	48,561,941
Revaluation of property	17,364,298	-	-	-	-	17,364,298
Balance as at 30 September 2021	562,470,000	85,680,997	3,376	12,593,641	6,361,083	667,109,097
Accumulated depreciation						
Balance as at 1 April 2021	-	11,953,787	3,376	108,829	905,063	12,971,055
Depreciation charge for the period	5,355,970	1,166,864	-	362,078	421,480	7,306,392
Depreciation reversal on revaluation	(5,355,970)	-	-	-	-	(5,355,970)
Balance as at 30 September 2021	-	13,120,651	3,376	470,907	1,326,543	14,921,477
Balance as at 30 September 2021	562,470,000	72,560,346	-	12,122,734	5,034,540	652,187,620
Balance as at 31 March 2021	541,520,000	44,100,636	-	638,786	1,952,381	588,211,803

7 Loans And Borrowings

	INFLATION ADJUSTED		HISTORICAL	
	Reviewed 30 Sep-21 ZWL\$	Restated 31 Mar-21 ZWL\$	Unreviewed 30 Sep-21 ZWL\$	Unreviewed 31 Mar-21 ZWL\$
Changes in interest-bearing loans and borrowings arising from financing activities				
Balances as at 1 April	1,625,461	686,370,390	1,342,302	166,436,971
Interest charged	46,112	72,729,520	41,890	44,893,685
Loans paid	(780,144)	(94,024,234)	(654,452)	(63,971,488)
Interest paid	-	(620,649)	-	(177,050)
Loans restructuring	-	(433,123,760)	-	(356,909,495)
Effect of exchange rates on foreign creditors	-	255,595,011	-	211,069,679
Monetary gain	(161,689)	(485,300,817)	-	-
Closing balance	729,740	1,625,461	729,740	1,342,302
The loans and borrowings are distributed as:				
Long term borrowings	-	-	-	-
Short term borrowings	729,740	1,625,461	729,740	1,342,302
	729,740	1,625,461	729,740	1,342,302

8. Effect of Covid-19 on the Group's operations, financial performance and financial position.

The Government of Zimbabwe declared the first national lockdown from 30 March 2020 in response to the World Health Organisation's declaration of the COVID - 19 outbreak as a pandemic. In FY2021, the Covid-19 pandemic caused a 3-week total shutdown in the group's operations after some of the employees had been infected.

During these 6 months of the 2022 financial year under review, the Group continued operating due to it being in the essential services sector despite various degrees of lockdown and business operating restrictions in wider industry. A Covid-19 Risk Mitigation Policy remains in place outlining the preventative measures to be taken to combat the spread of COVID-19. The Group has also engaged all its service providers and reduced personal interface. The holding of meetings internally and externally was limited to extremely urgent cases and, in any such cases, not more than three people would meet. Otherwise, all communication and interaction has been over the distance, online, in memos, notices on notice boards, use of telephones, mobile phones etc.

The extent, duration and impact of the pandemic remain uncertain and depend on future developments that cannot be accurately predicted at this stage despite advancements in technology that have led to a variety of vaccines being available as new, more infectious and lethal virus strains keep emerging and spreading in various parts of the globe. However, the impact so far on the company's operations has been marginal as the company and its key customers have continued operating during various degrees of national lockdown. The supply of raw materials to the sugar refining plant was stable during the period under review.

A business Continuity Plan and a Crisis Management Task Force, chaired by the Chief Executive, was established in 2020 and remains in place. The committee was tasked with the following:

- Assessing, monitoring and managing the development and impact of COVID-19 in compliance with the requirements and guidelines issued by Government and local authorities.
- Contingency and response planning which takes into account business continuity, work force management and business specific risk mitigation.
- Internal and external communication of safety measures and response plans with employees, customers, suppliers, regulators/government bodies and other key stakeholders in the business.

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

Impact on Statement of Financial Position

Line by line assessment on the current uncertainty that the Covid-19 pandemic may impact any of the amounts presented at 30 September 2021.

Line Description	Potential Impact
Property, plant & equipment	No impact
Accounts receivables	Low to moderate impact. Key customers such as retail, have continued to experience panic buying of their products hence have been paying quicker as the product has been turning faster. Rental collections in the property business might be affected should new strains emerge which may warrant stricter lockdown restrictions.
Inventory	No impact
Prepayments to suppliers	No impact
Cash & cash equivalents	No impact
Trade and other payables	The Company has been negotiating with suppliers for credit terms so as to manage cash flows.

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

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

9. INDEPENDENT REVIEWER'S STATEMENT

These condensed consolidated interim financial statements have been reviewed by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) and an adverse conclusion issued on the basis of non-compliance of the financial statements with the requirements of IAS 21 "The Effects of Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyperinflationary Economies". The reviewer's report is available for inspection at the Company's registered office. The engagement partner for the review is Mr. Tinashe Rwdzi (PAAB Practising Certificate Number 100)



Report on review of interim financial information

To the shareholders of Starafrika Corporation Limited

Introduction

We have reviewed the condensed consolidated interim financial statements of Starafrika Corporation Limited (the "Company") and its subsidiaries (together the Group"), contained in the accompanying interim report, which comprise the condensed consolidated interim statement of financial position as at 30 September 2021 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-months then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting' and the Zimbabwe Stock Exchange Listing Requirements. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for adverse conclusion

An adverse conclusion and an adverse opinion respectively, was issued on the consolidated and separate financial statements as at 30 September 2020, and for the period then ended, as well as at 31 March 2021, and for the year then ended, due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign denominated transactions and balances as required by International Accounting Standard 21, 'The Effects of Changes in Foreign Exchange Rates' ("IAS 21") and inappropriate application of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' ("IAS 8"), and its consequential effects on the hyperinflationary adjustments made in terms of International Accounting Standard 29, 'Financial Reporting in Hyperinflationary Economies' ("IAS 29"). The conclusion and the opinion were further modified due to the impact of using United States of America dollar ("US\$") valuation inputs rather than local currency valuation inputs, and then translating the value so derived to ZWL using foreign exchange rates that did not comply with IAS 21, when valuing investment properties and owner-occupied properties.

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T I Rwodzi – Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.



Furthermore, the prior period hyperinflation restatement did not take into account that the conditions of a hyperinflationary economy coincided with the change in functional currency on 1 October 2018 from United States Dollars ("US\$") to local currency, in accordance with the requirements of IAS 29. The Group changed its functional currency on 22 February 2019 in compliance with Statutory Instrument 33 of 2019 which is not in compliance with IAS 21, which would have required a functional currency change on 1 October 2018. Management has not restated the opening balances to resolve this matter in accordance with IAS 8, resulting in many elements in the consolidated and separate financial statements as at 30 September 2020 and as at 31 March 2021, and for the respective periods then ended, being misstated. In addition, on the date of change in functional currency, management translated elements of the consolidated financial statements using different exchange rates which resulted in an imbalance which was recorded directly in equity as a functional currency translation reserve. This is not in line with the requirements of International Financial Reporting Standards ("IFRS").

In addition, the Group inappropriately classified the conversion option on foreign denominated compound financial instruments as equity, which is not in compliance with IAS 32, 'IAS 32 Financial Instruments: Presentation'.

The conclusion on the consolidated and separate financial statements for the period ended 30 September 2020 as well as the opinion on the consolidated and separate financial statements for the year ended 31 March 2021 was further modified in respect of these matters.

Our conclusion on the condensed consolidated interim financial statements as at 30 September 2021 and for the six-months then ended, is modified because of the possible effects that all of these matters have on the comparability of the current period's figures to that of the comparative period. Our conclusion on the condensed consolidated interim financial statements as at 30 September 2021 is further modified in respect of retained earnings being misstated as at 30 September 2021.

The misstatements described in the paragraphs above with respect to the application of IAS 21 affect the historical amounts which are used in the calculation of the inflation adjusted amounts. Had the underlying historical consolidated financial statements been prepared in accordance with the requirements of IAS 21, and then inflation adjusted in accordance with IAS 29 as at 30 September 2021, many elements in the accompanying condensed consolidated interim financial statements as at 30 September 2021, and for the six-month period then ended would have been materially restated. It was not practicable to quantify the financial effects on the condensed consolidated interim financial statements as at 30 September 2021, and for the six-months then ended.

As disclosed in note 3 and note 6 to the condensed consolidated interim financial statements, the Group performed a fair valuation of investment properties and owner-occupied properties as at 30 September 2021. Valuations rely on historical market evidence for calculation inputs. Market evidence for inputs including transaction prices for comparable properties, rents and capitalisation rates were mainly available in US\$ as at 30 September 2021. In order to determine the ZWL values of these properties as at 30 September 2021, US\$ inputs were used with the US\$ fair value so calculated which were then translated into ZWL using the interbank foreign exchange rate as per the Foreign Exchange Auction Trading System of the Reserve Bank of Zimbabwe at the reporting date. Although the spot rate applied is considered appropriate in accordance with the requirements of IAS 21, the application of a conversion



rate to US\$ valuation inputs and a US\$ based valuation to calculate ZWL property values, is not an accurate reflection of market dynamics as the risks associated with currency trading do not reflect the risks associated with property trading.

It was not practicable to quantify the financial effects of this matter on the condensed consolidated interim financial statements.

Adverse conclusion

Our review indicates that because of the significance of the effects on the condensed consolidated interim financial information of the matters described in the preceding paragraphs, the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with 'International Accounting Standard 34, 'Interim financial reporting' and the Zimbabwe Stock Exchange Listing Requirements.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Tinashe Rwodzi
Registered Public Auditor

Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor Registration Number 100
Institute of Chartered Accountants of Zimbabwe Public Practice Certificate Number 253568

28 January 2022
Harare, Zimbabwe