starafricacorporation limited

REVIEWED INTERIM ABRIDGED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

SALIENT FEATURES FOR THE PERIOD

	Inflation adjusted Period ended 30 September 2022	Historical Cost Period ended 30 September 2022
Revenue	▲ 40%	▲ 340%
Operating profit	▼ -4%	▲ 487%
Net assets	▲ 9%	▲ 169%

CHAIRMAN'S STATEMENT

OVERVIEW

The half year period under review was characterized by rising inflationary pressures and exchange rate volatility, combined with heightened economic uncertainty emanating from the Russia-Ukraine conflict. This continued to undermine economic recovery from the challenges associated with the COVID-19 pandemic in the prior year comparative period.

While annual inflation increased to double-digit figures from May 2022, tight fiscal and monetary policies, including the introduction of Mosi-Oa-Tunya gold coins into the market on 25 July 2022, have played a significant role in reducing month-on-month inflation since then. The aforementioned coins act as a store of value and reduce demand for foreign currency. This has brought some semblance of stability into the market as exchange rate volatility, which is often cited as a key source of inflationary pressure in Zimbabwe, has decreased, compared with the pre-July 2022 period.

On 22 June 2022, the Government relaxed several Covid-19-related restrictions which had been in place. This was indicative of a softening stance taken by the authorities in light of declining rates of COVID-19 infections and fatalities. Consequently, the period under review was not significantly affected by the pandemic, with the exception of remnant effects from prior periods.

GROUP RESULTS

The financial results of the Group are inflation adjusted in compliance with the requirements of International Accounting Standard 29 – Financial Reporting in Hyperinflationary Economies and the historical cost financial information has been disclosed as supplementary data. A 40% increase in turnover was recorded in the period under review, from ZWL14.92 billion to ZWL20.90 billion. The escalation was largely attributable to strong demand for all the Group's products during the period under review. However, the Group's operating profit receded by 4%, from ZWL1.41 billion in the prior year comparative period to ZWL1.35 billion for the six months ended 30 September 2022. The lower operating profit was a direct result of increases in raw sugar prices and operating costs in real terms. Increasing global inflationary pressures have resulted in a spike in the costs of imported chemicals, packaging and refinery spares.

In historical terms, revenue increased by 340%, from ZWL3.59 billion recorded in the prior year comparative period to ZWL15.82 billion, while operating profit increased by 487%, from ZWL545.66 million to ZWL3.201 billion.

OPERATIONS

Goldstar Sugars ("GSS")

During the six months ended 30 September 2022, sales volumes of granulated sugar produced by Goldstar Sugars ("GSS") increased by 5%, from 39,294 tonnes produced in the prior comparative period to 41,155 tonnes. This was on the back of a sustained high level of demand for sugar in the market, despite increased imports after promulgation of Statutory Instrument 98 of 2022. The latter suspended duty on the importation of sugar in the country. However, production throughput at the refinery was adversely affected by high plant downtime, which was caused by power outages and some equipment breakdowns. This resulted in production volumes reducing by 6%, from 40,577 tonnes in the prior year comparative period to 37,975 tonnes during the period under review. The unit continues to focus on refurbishment and replacement of critical items of plant and machinery to improve plant availability and the refinery's throughput in terms of both quantity and quality of granulated sugar.

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

Country Choice Foods ("CCF")

CCF's products continued to dominate the market on the back of competitive pricing. This has positioned the unit's products among the most affordable in the market. Consequently, sales volumes increased by 28%, from prior period's 919 tonnes to 1,176 tonnes. The growth in sales volumes has been supported by an improvement in the production of the sugar specialties unit, from 901 tonnes in the prior comparative period to 1,229 tonnes in the period under review. The procurement and commissioning of automatic syrup filling and icing packing machines has been crucial in terms of boosting production at the unit. During the six months under review, the unit launched new products into the market, namely caramel popcorn, as well as baking and cocoa powders.

Properties Business

Revenue performance, for this business, improved significantly with ZWL100.19 million of rental income being recorded, compared with ZWL47.80 million in the prior comparative period. The unit has recovered significantly from prior year, which was negatively impacted by the Covid-19 pandemic which reduced tenants' ability to generate income and meet their rental obligations. Following the waning of the pandemic, occupancy rates and, consequently, rental collections have increased across the property portfolio.

Tongaat Hulett Botswana

The associate recorded a profit for the period under review of ZWL393.47 million, of which the Company's share was ZWL131.16 million after converting the earnings into Zimbabwean Dollars at the Reserve Bank of Zimbabwe Auction exchange rate as at 30 September 2022.

DIVIDEND

Considering the Company's focus on ensuring that adequate working capital is maintained, while facing a volatile operating environment, the Board has taken a decision not to declare a dividend for the six months ended 30 September 2022.

OUTLOOK

Zimbabwe's operating environment is expected to remain challenging, largely as a result of the prevailing imported inflationary pressures. The global economic outlook continues to be weighed down, with high interest rate hikes by most central banks and the negative spill over effects from the Russia-Ukraine conflict. New waves of the COVID-19 pandemic continue to disrupt economic activity in some countries.

The Company applauds Government's efforts to foster structural economic transformation, as enshrined in the recent 2023 National Budget (the "Budget"). These efforts are expected to improve the inflow of foreign currency into the economy. The Company looks forward to Government reinstating duty on imported sugar, a development which will impact positively on the local sugar industry.

The Company will continue to tighten its cost-mitigation measures in an effort to improve the operating profitability of both the refinery and the sugar specialties unit.

CONCLUSION

I wish to thank the Company's various stakeholders, my fellow Board Members, management and staff for their contribution to the Company's performance and look forward to the same support for the remainder of the year and beyond.

R. J. MBIRE (PHD)
CHAIRMAN
12 DECEMBER 2022

INTERIM ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the period ended 30 September 2022

		INFLATION ADJUSTED		HISTORICAL	
	NOTES	REVIEWED PERIOD ENDED 30 SEPTEMBER 2022 ZWL	REVIEWED PERIOD ENDED 31 MARCH 2022 ZWL	UNREVIEWED PERIOD ENDED 30 SEPTEMBER 2022 ZWL	UNREVIEWED PERIOD ENDED 31 MARCH 2022 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment	4	6,280,376,853	5,565,127,181	4,623,054,238	1,629,165,738
Investment property	5	3,774,290,000	3,252,848,809	3,774,290,000	1,219,480,000
Investment in an associate		897,380,666	518,502,472	897,380,666	194,384,501
		10,952,047,519	**9,336,478,462**	**9,294,724,904**	**3,043,030,239**
Current assets					
Inventories		1,188,360,642	1,655,470,477	1,017,477,824	616,542,405
Trade and other receivables		1,386,620,933	1,142,193,690	1,386,620,933	428,203,844
Prepayments and deposits		1,554,197,185	1,468,649,732	1,143,995,506	519,791,075
Cash and cash equivalents		327,423,247	1,106,958,667	327,423,247	414,994,374
		4,456,602,007	**5,373,272,566**	**3,875,517,510**	**1,979,531,698**
Total assets		**15,408,649,526**	**14,709,751,028**	**13,170,242,414**	**5,022,561,937**
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital		58,567,479	58,567,479	480,866	480,866
Share premium		7,035,109,392	7,035,109,392	57,761,526	57,761,526
Non-distributable reserves		2,605,789,580	1,531,683,559	4,121,929,751	1,362,593,169
Retained earnings		245,190,648	437,763,614	4,605,703,220	1,804,369,301
		9,944,657,099	9,063,124,044	8,785,875,363	3,225,204,862
Non-controlling interest		992,664,815	933,564,365	342,349,199	165,047,849
Total equity		**10,937,321,914**	**9,996,688,409**	**9,128,224,562**	**3,390,252,711**
Non-current liabilities					
Deferred tax liability		1,534,916,598	1,353,833,913	1,105,606,838	372,947,828
Current liabilities					
Trade and other payables		2,474,209,008	2,840,246,362	2,474,209,008	1,064,796,994
Loans and borrowings	6	759,002	2,024,566	759,002	759,002
Income tax payable		461,443,004	516,957,778	461,443,004	193,805,402
		2,936,411,014	**3,359,228,706**	**2,936,411,014**	**1,259,361,398**
Total liabilities		**4,471,327,612**	**4,713,062,619**	**4,042,017,852**	**1,632,309,226**
Total equity and liabilities		**15,408,649,526**	**14,709,751,028**	**13,170,242,414**	**5,022,561,937**

R. J. MBIRE (PHD)
CHAIRMAN
12 DECEMBER 2022

R. NYABADZA
CHIEF EXECUTIVE
12 DECEMBER 2022

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

for the period ended 30 September 2022

		INFLATION ADJUSTED		HISTORICAL	
	NOTES	REVIEWED PERIOD ENDED 30 SEPTEMBER 2022 ZWL	REVIEWED PERIOD ENDED 30 SEPTEMBER 2021 ZWL	UNREVIEWED PERIOD ENDED 30 SEPTEMBER 2022 ZWL	UNREVIEWED PERIOD ENDED 30 SEPTEMBER 2021 ZWL
Revenue from contracts with customers		20,798,901,584	14,868,832,643	15,741,966,469	3,580,583,295
Rental income		100,185,958	47,800,856	75,454,988	11,416,237
Revenue		**20,899,087,542**	**14,916,633,499**	**15,817,421,457**	**3,591,999,532**
Cost of sales		(16,830,786,022)	(11,383,095,892)	(12,717,153,137)	(2,736,334,757)
Gross profit		**4,068,301,520**	**3,533,537,607**	**3,100,268,320**	**855,664,775**
Other operating income		121,144,814	52,664,688	106,301,178	12,841,997
Fair value gain/(loss) on investment property		521,441,191	(316,050,111)	2,554,810,000	18,650,000
Selling and distribution expenses		(337,965,042)	(174,605,691)	(266,935,422)	(42,744,149)
Administrative expenses		(2,861,671,698)	(1,336,758,716)	(2,103,547,982)	(296,036,396)
Expected credit losses		(32,008,459)	(10,103,740)	(68,557,300)	(4,006,120)
Revaluation loss of property, plant and equipment		-	(347,367,948)	-	-
Exchange (loss)/gain		(134,568,623)	4,531,488	(120,901,257)	1,293,769
Operating profit		**1,344,673,703**	**1,405,847,577**	**3,201,437,537**	**545,663,876**
Finance cost		-	(3,759,513)	-	(852,371)
Finance income		96,590	466,319	60,508	112,975
Share of profit of an associate		131,158,064	115,525,078	131,158,064	30,369,201
Loss on net monetary position		(1,250,921,955)	(932,817,887)	-	-
Profit before income tax		**225,006,402**	**585,261,574**	**3,332,656,109**	**575,293,681**
Income tax expense	2	(358,478,918)	(402,761,436)	(354,020,840)	(143,464,174)
(Loss)/profit for the year		**(133,472,516)**	**182,500,138**	**2,978,635,269**	**431,829,507**
Other comprehensive income :					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Exchange differences on translating foreign operations		644,916,106	21,914,690	644,916,106	5,760,928
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		**644,916,106**	**21,914,690**	**644,916,106**	**5,760,928**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods.					
Revaluation surplus of property, plant and equipment		570,124,755	-	2,814,035,262	22,720,268
Income tax effect		(140,934,840)	-	(699,614,786)	(5,838,538)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		**429,189,914**	**-**	**2,114,420,476**	**16,881,730**
Other comprehensive income for the year, net of tax		**1,074,106,021**	**21,914,690**	**2,759,336,582**	**22,642,658**
Total comprehensive income		**940,633,505**	**204,414,828**	**5,737,971,851**	**454,472,165**
Profit/(loss) attributable to:					
Non-controlling interests		59,100,450	(23,400,429)	177,301,350	2,391,274
Equity holders of the parent		(192,572,966)	205,900,567	2,801,333,919	429,438,233
		(133,472,516)	**182,500,138**	**2,978,635,269**	**431,829,507**
Total comprehensive income/(loss) attributable to:					
Non-controlling interests		59,100,450	(23,400,429)	177,301,350	2,391,274
Equity holders of the parent		881,533,055	227,815,257	5,560,670,501	452,080,891
		940,633,505	**204,414,828**	**5,737971851**	**454,472,165**
(Loss)/Earnings per share					
Basic (cents)		(4.00)	4.28	58.26	8.93
Diluted (cents)		(4.00)	4.28	58.26	8.93
Headline (cents)		(10.24)	9.16	19.86	8.62

starafricacorporation limited

REVIEWED INTERIM ABRIDGED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

INTERIM ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2022

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
INFLATION ADJUSTED (REVIEWED)	Issued capital ZWL	Share premium ZWL	Non -distributable reserve ZWL	Equity component of compound financial instruments ZWL	Retained earnings/ (accumulated losses) ZWL	Total ZWL	Non-controlling interest ZWL	Total equity ZWL
Balance as at 31 March 2022	**58,567,479**	**7,035,109,392**	**1,531,683,559**	**-**	**437,763,614**	**9,063,124,044**	**933,564,365**	**9,996,688,409**
Total comprehensive income	-	-	1,074,106,021	-	(192,572,966)	881,535,055	59,100,450	940,633,505
(Loss)/profit for the period	-	-	-	-	(192,572,966)	(192,572,966)	59,100,450	(133,472,516)
Other comprehensive income	-	-	1,074,106,021	-	-	1,074,106,021	-	1,074,106,021
Balance as at 30 September 2022	**58,567,479**	**7,035,109,392**	**2,605,789,580**	**-**	**245,190,648**	**9,944,657,099**	**992,664,815**	**10,937,321,914**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021								
Balance as at 31 March 2021	**58,567,478**	**7,035,109,392**	**432,451,523**	**12,686,709**	**(351,340,715)**	**7,187,474,387**	**303,013,248**	**7,490,487,635**
Total comprehensive income	-	-	21,914,690	-	205,900,567	227,815,257	(23,400,429)	204,414,828
Profit for the period	-	-	-	-	205,900,567	205,900,567	(23,400,429)	182,500,138
Other comprehensive income	-	-	21,914,690	-	-	21,914,690	-	21,914,690
Balance as at 30 September 2021	**58,567,478**	**7,035,109,392**	**454,366,213**	**12,686,709**	**(145,440,148)**	**7,415,289,644**	**279,612,819**	**7,694,902,463**
HISTORICAL (UNREVIEWED)								
Balance as at 31 March 2022	**480,866**	**57,761,526**	**1,362,593,169**	**-**	**1,804,369,301**	**3,225,204,862**	**165,047,849**	**3,390,252,711**
Total comprehensive income	-	-	2,759,336,582	-	2,801,333,919	5,560,670,501	177,301,350	5,737,971,851
Profit for the period	-	-	-	-	2,801,333,919	2,801,333,919	177,301,350	2,978,635,269
Other comprehensive income	-	-	2,759,336,582	-	-	2,759,336,582	-	2,759,336,582
Balance as at 30 September 2022	**480,866**	**57,761,526**	**4,121,929,751**	**-**	**4,605,703,220**	**8,785,875,363**	**342,349,199**	**9,128,224,562**
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021								
Balance as at 31 March 2021	**480,866**	**57,761,526**	**761,638,552**	**99,792**	**472,313,781**	**1,292,294,517**	**36,616,452**	**1,328,910,969**
Total comprehensive income	-	-	22,642,658	-	429,438,233	452,080,891	2,391,274	454,472,165
Profit for the period	-	-	-	-	429,438,233	429,438,233	2,391,274	431,829,507
Other comprehensive income	-	-	22,642,658	-	-	22,642,658	-	22,642,658
Balance as at 30 September 2021	**480,866**	**57,761,526**	**784,281,210**	**99,792**	**901,752,014**	**1,744,375,408**	**39,007,726**	**1,783,383,134**

INTERIM ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 30 September 2022

	INFLATION ADJUSTED		HISTORICAL	
	REVIEWED PERIOD ENDED 30 SEPTEMBER 2022 ZWL	REVIEWED PERIOD ENDED 30 SEPTEMBER 2021 ZWL	REVIEWED PERIOD ENDED 30 SEPTEMBER 2022 ZWL	UNREVIEWED PERIOD ENDED 30 SEPTEMBER 2021 ZWL
Operating activities				
Cash used in operations	900,491,302	1,072,738,512	250,828,809	241,031,735
Finance cost paid	-	(3,584,102)	-	(810,481)
Income tax paid	(69,483,465)	(161,162,442)	(49,307,803)	(39,983,634)
Net cash flows generated from/(used in) operating activities	**831,007,837**	**907,991,968**	**201,521,006**	**200,237,620**
Cashflows from investing activities				
Acquisition of property, plant and equipment	(311,148,787)	(201,309,541)	(217,236,321)	(48,563,775)
Finance income received	96,590	466,319	60,508	112,975
Dividends received from associate	106,697,152	313,753,456	73,078,005	74,689,532
Proceeds on disposal of property, plant and equipment	25,674,449	-	24,812,395	-
Net cash flows (used in)/generated from investing activities	**(178,680,596)**	**112,910,234**	**(119,285,413)**	**26,238,732**
Cashflows from financing activities				
Loans paid	-	(2,967,685)	-	(654,451)
Net cash flows used in financing activities	**-**	**(2,967,685)**	**-**	**(654,451)**
Net increase in cash and cash equivalents	**652,327,241**	**1,017,934,517**	**82,235,593**	**225,821,901**
Net foreign exchange difference	(169,806,720)	4,761,699	(169,806,720)	1,251,755
Effects of net monetary movement on cash and cash equivalents	(1,262,055,941)	(344,769,577)	-	-
Cash and cash equivalents as at 1 April	1,106,958,667	1,066,954,532	414,994,374	231,620,225
Cash and cash equivalents as at 30 September	**327,423,247**	**1,744,881,171**	**327,423,247**	**458,693,879**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

for the period ended 30 September 2022

1. Basis of preparation

These interim abridged consolidated financial results were extracted from the full set of the interim condensed consolidated financial statements of Starafrica Corporation Limited (the "Company") and its subsidiaries and associate (collectively the "Group") for the half year ended 30 September 2022 and were authorized for issue in accordance with a resolution of the directors on 12 December 2022. Starafrica Corporation Limited is a public limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded through the Zimbabwe Stock Exchange. The registered office of the Company is 49 Douglas Road, Workington, Harare.

1.2 Corporate information

Nature of business

Name	Relationship	% Equity intrest	Nature of Business
Starafrica Corporation Limited	Parent		Holding company
Starafrica Operations (Private) Limited	Subsidiary	100%	Sugar refining, manufacture of sugar based products, provision of bulk haulage services, marketing and distribution of sugar
Red Star Holdings Limited	Subsidiary	100%	Dormant
Silver Star Properties (Private) Limited	Subsidiary	100%	Property-holding company
Starafrica International Limited	Subsidiary	100%	Dormant
Namibstar Trading (Proprietary) Limited	Subsidiary	100%	Dormant
Tongaat Hulett (Botswana) Limited	Associate	33.33%	Packaging and distribution of refined sugar

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2022

1.3 (a) Legacy currency issues

On 22 February 2019, the Government of Zimbabwe issued Statutory Instrument 33 of 2019 as an amendment to the Reserve Bank of Zimbabwe (''RBZ'') Act that introduced a new currency called the Real Time Gross Settlement Dollar ("RTGS") (now ZWL) and directed that all assets and liabilities that were in United States of America 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 International Accounting Standard - The effects of changes in Foreign Exchange Rates ("IAS 21"). IAS 21 requires an entity to apply certain parameters to determine the functional currency for use in preparing financial statements. It also requires the exercise of judgements 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 midrate of US$1: ZWL2.5 in order to comply with Statutory Instrument 33. The interbank midrate was adopted as it was the only legal source of exchange rates which, however, did not represent the fair value of the currencies. The Group, therefore, did not conform to the requirements of IAS 21.

The Group prepares financial statements with the aim to fully comply with International Financial Reporting Standards (''IFRS'') which comprise standards issued by the International Accounting Standards Board (''IASB'') and interpretations developed and issued by the International Financial Reporting Interpretations Committee (''IFRIC''). Compliance with IFRS is intended to achieve consistency and comparability of financial statements. However, it has been impracticable to fully comply with IFRS in the current and prior year periods, due to the need to comply with local legislation, specifically Statutory Instrument 33 of 2019. The Directors are of the view that the requirement to comply with the Statutory Instrument created inconsistencies with IAS 21, IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and the consequential non-conformance with IAS 29 - Financial Reporting in Hyperinflationary Economies. This has resulted in the accounting treatment adopted in the 2019, 2020, 2021, 2022 financial statements and the interim results for the half years ended 30 September 2019, 30 September 2020, 30 September 2021 and 30 September 2022 being different from that which the Directors would have adopted if the Group had been able to fully comply with IFRS.

1.3 (b) Determination of functional currency.

The Group is operating in an environment which has witnessed significant monetary and exchange control policy changes. On the 17th of June 2020, an RBZ Exchange Control Directive RV175/2020 was issued on the introduction of a Foreign Exchange Auction System. The Foreign Exchange Auction Trading System was operationalised with effect from 23 June 2020 and foreign currency trading was conducted through the Foreign Exchange Auction Trading System (Auction) through a bidding system. On the 24th of July 2020, Statutory Instrument 85 of 2020 was promulgated which amended the exclusive use of Zimbabwe Dollar for domestic transactions rules by allowing dual pricing and displaying, quoting and offering of prices for domestic goods and services. The Statutory Instrument also permitted any person who provides goods or services in Zimbabwe to display, quote or offer the price for such goods or services in both Zimbabwe dollar and foreign currency at the ruling exchange rate.

Given the context of the environment, management has assessed if there has been a change in the functional currency used by the Group. The assessment included consideration of whether the use of free funds in paying for goods and services may represent a change in functional currency. In doing so, management considered parameters set in IAS 21 and the guidance therein, and Directors concluded that the Group's functional currency remains the Zimbabwe dollar (ZWL) as presented in the prior and current period financial statements and all values are rounded to the nearest ZWL except when otherwise indicated.

1.4 International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies

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 PAAB pronounced on 11 October 2019 that the Zimbabwean economy was trading under hyperinflationary conditions. The Directors have applied the guidelines provided by the 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 below. These were derived by dividing the Consumer Price Index (CPI) as at 30 September 2022 by the CPI at the relevant date of transaction or balance which is subject to IAS 29 conversion.

Date	All Items CPI Indices	Conversion Factors
30 September 2022	12,713.12	1.0000
31 March 2022	4,766.10	2.6674
30 September 2021	3,342.02	3.8040

starafricacorporation limited

REVIEWED INTERIM ABRIDGED FINANCIAL RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2022

	INFLATION ADJUSTED		HISTORICAL	
	REVIEWED PERIOD ENDED 30 SEPTEMBER 2022 ZWL	REVIEWED PERIOD ENDED 30 SEPTEMBER 2021 ZWL	UNREVIEWED PERIOD ENDED 30 SEPTEMBER 2022 ZWL	UNREVIEWED PERIOD ENDED 30 SEPTEMBER 2021 ZWL
2 INCOME TAX EXPENSE				
Current income tax	302,373,689	458,268,500	302,373,689	120,469,497
Tax on foreign dividends	15,957,383	62,750,691	14,615,600	14,937,906
Deferred tax	40,147,846	(118,257,755)	37,031,551	8,056,771
	358,478,918	**402,761,436**	**354,020,840**	**143,464,174**
3 EARNINGS PER SHARE				
Basic Earnings Per Share				
(Loss)/profit attributable to equity holders of the parent	(192,572,966)	205,900,567	2,801,333,919	429,438,233
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)	(0.69)	4.28	58.26	8.93
Diluted Earnings Per Share				
(Loss) / profit attributable to equity holders of the parent	(192,572,966)	205,900,567	2,801,333,919	429,438,233
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)	(0.69)	4.28	58.26	8.93
Headline (Loss) / Earnings Per Share				
Headline (loss)/earnings	(492,206,440)	440,411,786	955,062,524	414,424,564
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)	(6.92)	9.16	19.86	8.62
Reconciliation of Earnings Used in Calculating Earnings Per Share				
(Loss) / Profit Attributable to Equity Holders of the Group	(192,572,966)	205,900,567	2,801,333,919	429,438,233
Adjusted for:				
Fair value gain on investment properties	(521,441,191)	316,050,111	(2,554,810,000)	(18,650,000)
Loss /(profit) on sale of property, plant and equipment	(11,152,770)	-	(18,630,305)	-
Exchange loss/(gain) net of dilution losses on equity-accounted investments	134,568,623	(4,531,488)	120,901,257	(1,293,769)
Adjusted earnings	**(431,172,985)**	**517,419,190**	**348,796,907**	**409,494,464**
Total tax effect on adjustments	98,391,864	(77,007,404)	606,267,653	4,930,100
Headline (Loss) / Earnings	**(492,206,440)**	**440,411,786**	**955,062,524**	**414,424,564**

4. PROPERTY, PLANT & EQUIPMENT

INFLATION ADJUSTED (REVIEWED)	Land and buildings ZWL	Plant & Machinery ZWL	Commercial vehicles ZWL	Passenger vehicles ZWL	Furniture & equipment ZWL	Total
Cost						
Balance at 31 March 2022	**3,589,555,525**	**3,304,530,020**	**411,230**	**62,894,911**	**189,898,747**	**7,147,290,433**
Additions	81,686,397	190,359,856	-	9,772,541	29,329,993	311,148,787
Disposals		-	-	(15,022,427)	-	(15,022,427)
Revaluation of property	516,658,078	-	-	-	-	516,658,078
Balance at 30 September 2022	4,187,900,000	3,494,889,876	411,230	57,645,025	219,228,740	7,960,074,871
Accumulated depreciation						
Balance at 31 March 2022	-	1,497,607,096	411,230	10,333,421	73,811,505	1,582,163,252
Depreciation charge for the period	53,466,677	65,679,079	-	6,667,866	25,688,569	151,502,191
Depreciation reversal on revaluation	(53,466,677)	-	-	-	-	(53,466,677)
Disposals	-	-	-	(500,748)	-	(500,748)
Balance at 30 September 2022	-	1,563,286,175	411,230	16,500,539	99,500,073	1,679,698,018
Net book value 30 September 2022	**4,187,900,000**	**1,931,603,701**	**-**	**41,144,486**	**119,728,666**	**6,280,376,853**
Net book value 31 March 2022	**3,589,555,525**	**1,806,922,924**	**-**	**52,561,490**	**116,087,242**	**5,565,127,181**
HISTORICAL (UNREVIEWED)						
Cost						
Balance at 31 March 2022	**1,345,710,000**	**262,532,781**	**3,376**	**15,021,589**	**26,906,240**	**1,650,173,986**
Additions	48,742,108	141,407,951	-	6,649,663	20,436,599	217,236,321
Disposals	-	-	-	(6,507,463)	-	(6,507,463)
Revaluation of property	2,793,447,892	-	-	-	-	2,793,447,892
Balance at 30 September 2022	**4,187,900,000**	**403,940,732**	**3,376**	**15,163,789**	**47,342,839**	**4,654,350,736**
Acc depn						
Balance at 31 March 2022	**-**	**15,566,634**	**3,376**	**1,828,734**	**3,609,504**	**21,008,248**
Depreciation charge for the period	20,587,370	4,786,191	-	1,876,440	3,950,992	31,200,993
Depreciation reversal on revaluation	(20,587,370)	-	-	-	-	(20,587,370)
Disposals	-	-	-	(325,373)	-	(325,373)
Balance at 30 September 2022	**-**	**20,352,825**	**3,376**	**3,379,801**	**7,560,496**	**31,296,498**
Net book value 30 September 2022	**4,187,900,000**	**383,587,907**	**-**	**11,783,988**	**39,782,343**	**4,623,054,238**
Net book value 31 March 2022	**1,345,710,000**	**246,966,147**	**-**	**13,192,855**	**23,296,736**	**1,629,165,738**

5 INVESTMENT PROPERTY

	INFLATION ADJUSTED		HISTORICAL	
	REVIEWED AS AT 30 SEPTEMBER 2022 ZWL	REVIEWED AS AT 31 MARCH 2022 ZWL	UNREVIEWED AS AT 30 SEPTEMBER 2022 ZWL	UNREVIEWED AS AT 31 MARCH 2022 ZWL
Balance at 1 April	3,252,848,809	2,221,522,297	1,219,480,000	482,260,000
Valuation gain on investment property	521,441,191	1,031,326,512	2,554,810,000	737,220,000
Closing Balance	**3,774,290,000**	**3,252,848,809**	**3,774,290,000**	**1,219,480,000**
Revenue and Expenses Relating to Investment Property				
Rental income	100,185,958	47,800,856	75,454,988	11,416,237
Operating costs	(14,906,898)	(4,505,634)	(10,979,574)	(1,073,067)
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)				
Industrial	3,661,300,000	3,156,368,718	3,661,300,000	1,183,310,000
Residential	112,990,000	96,480,091	112,990,000	36,170,000
Total	**3,774,290,000**	**3,252,848,809**	**3,774,290,000**	**1,219,480,000**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

for the period ended 30 September 2022

5 INVESTMENT PROPERTY (continued)

Description of Valuation Techniques Used and Key Inputs to Valuation of Investment Properties;
The following methods and assumptions have been adopted in the valuation process:

Valuation Techniques for Land and Residential Buildings
The comparative method is used to value land and residential properties. This method works on the basic assumption that the price paid for a property at a given point in time is evidence of the market value of that property and all other factors being equal, is a good indicator of the market value of a similar property. It involves carrying out a valuation by directly comparing the subject property with similar properties which have sold in the past and using evidence of those transactions to assess the value of the subject property. Analysis should encompass every attribute of a transaction that was different from every other attribute in selected comparable transactions.

The more comparables that are available to the valuer, the easier it is to derive an estimate of value with substantive evidence. This is most suitable for residential property where there is a freehold interest or a long leasehold interest. The units of comparison can include land area (in square metres) and main space equivalent (This encompasses location; size; quality; etc.). The key drivers of value are land value and the main space equivalent factor ("MSE"). These comparable inputs are then multiplied by the price/rental per square metre based on comparable evidence in the market in order to determine the resultant fair values of the subject property.

Valuation Techniques for Commercial Buildings
The implicit investment approach (income approach) was used to value investment properties. This method is based on the assumption that rental and capital values have a close relationship. There is an inverse relationship between asking price and the capitalisation rate. The higher the capitalisation rate the lower the asking price and vice versa. The method is used to value income (from rents or leases) producing properties. The income generated by the property is used in conjunction with the capitalisation rate to estimate the property value. The capitalisation rate is evidence based on the similar returns that are achieved by similar properties that are sold in the market. The chief drivers in property values are capitalisation rate and the net annualised rental income.

	INFLATION ADJUSTED		HISTORICAL	
	REVIEWED AS AT 30 SEPTEMBER 2022 ZWL	REVIEWED AS AT 31 MARCH 2022 ZWL	UNREVIEWED AS AT 30 SEPTEMBER 2022 ZWL	UNREVIEWED AS AT 31 MARCH 2022 ZWL
6 LOANS AND BORROWINGS				
Changes in interest-bearing loans and borrowings arising from financing activities				
Balances at 1 April	**2,024,566**	**6,183,291**	**759,002**	**1,342,302**
Interest charged	-	271,811	-	71,151
Repayment	-	(2,967,682)	-	(654,451)
Effect of inflation	(1,265,564)	(1,462,854)	-	-
Closing balance	**759,002**	**2,024,566**	**759,002**	**759,002**

7 GOING CONCERN

The Group's revenue has increased from ZWL14.92 billion recorded in the six months ended 30 September 2021, to ZWL20.90 billion in the period under review mainly buoyed by the increase in sales volumes of granulated sugar which increased from the 39,294 tonnes sold in the prior comparative period to 41,155 tonnes in the six months ended 30 September 2022. The Group has grown the net working capital position to ZWL1.52 billion, up from ZWL938.19 million in the prior year comparative period.

Management anticipates that the business will be able to generate positive cash flows into the future regardless of the implications of the Covid-19 pandemic and the effects of Statutory Instrument 98 of 2022 (SI 98 of 2022) which suspended import duty on importation of sugar. Global economic shocks arising from the Russia-Ukraine conflict had the direct effect of increasing costs of production across industry as oil price escalations have affected all businesses which rely on the transportation of raw materials or finished goods.

The direct effect on the Group, however, has not been significant, save for the downstream effect of price escalations on costs of raw materials, which suppliers have increased in varying degrees in response to these global shocks. The ability of the Group to continue generating cash flows into the future has not been affected by these issues. Demand for the Group's products remains high domestically. The Group remains in a sound financial position with sufficient liquidity to settle its obligations as they fall due. Due to an increase in productivity and sales volumes anticipated in the future, the Group will continue generating sufficient cash flows to meet its daily working capital needs and for capital expansion.

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. The Directors have engaged themselves to continuously assess the ability of the Group to continue operating as a going concern and to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements. "

Impact of Covid-19
The Government of Zimbabwe declared various degrees of 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.

In the 2022 financial year, and in the six months ended 30 September 2022, the Group continued operating throughout the period due to it being in the essential services sector. A communiqué was issued to the workforce outlining the preventative measures to be taken to combat the spread of COVID-19. The Group has also engaged all its service providers and reduced personal interface. The holding of meetings internally and externally was limited to extremely urgent cases and, in any such cases, not more than three people would meet. Otherwise, all communication and interaction has been over the distance, on line, in memos, notices on notice boards, use of telephones, mobile phones etc.

The extent, duration and impact of the pandemic remain uncertain and depend on future developments that cannot be accurately predicted at this stage. This is despite the fact that there has been significant easing of lockdown restrictions around the country. However, the impact so far on the Group's business has been marginal as the Group and its key customers have continued operating during the lockdown. The supply of raw materials to the sugar refining plant was stable during the year except for packaging materials sourced from South Africa, which prolonged lead times due to lockdown restrictions in that country. Although some level of Covid-19 restrictions is still in place, such as the wearing of masks in public places, the Government continues to relax the degree of restrictions imposed. On 22 June 2022 the Government of Zimbabwe completely scrapped away the curfew restrictions which had been in place. This is indicative of a softening stance the authorities are taking as the effects of the Covid-19 pandemic wean off. It is therefore anticipated that in the foreseeable future the Covid-19 pandemic will have a minimal effect on the country in general and on Starafrica in particular.

A business Continuity Plan and a Crisis Management Task Force, chaired by the Group Chief Executive, was established in 2020 at the advent of the pandemic 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 Group reviewed stocking levels upwards to ensure business continuity. It also pre-ordered sufficient supplies and materials including those consumables required to maintain a healthy environment (tissues, hand sanitizers, soap, masks etc.) and will continually review the impact of short-term changes to the supply chain and logistics models to avoid disruption. Pro-active cash management measures continue to be in place to ensure that the Group has sufficient liquidity to weather the storm.

8 INDEPENDENT REVIEWER'S STATEMENT

The 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 Clive Mukondiwa (PAAB Practising Certificate Number 253168).

Directors: Dr. R.J. Mbire (Chairman), *R. Nyabadza (Chief Executive), R. Magundani, C. Matorera, *A.J. Musemburi, G.T. Nyamayi, Dr. M. Sibanda, *F. Myambuki. - (*Executive),

Report on review of interim financial information - extract

Basis for adverse conclusion

An adverse conclusion and an adverse opinion respectively, were issued on the interim condensed consolidated financial statements as at 30 September 2021 and for the period then ended, and as at 31 March 2022 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 ("IAS") 21, '*The Effects of Changes in Foreign Exchange Rates*' ("IAS 21"), the effects of the Group's change in its functional currency on 22 February 2019 which is not in compliance with IAS 21 which would have required a functional currency change on 1 October 2018, the inappropriate application of IAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*' ("IAS 8"), and the related consequential effects on the hyperinflationary adjustments made in terms of IAS 29, '*Financial Reporting in Hyperinflationary Economies*' ("IAS 29").

The conclusion was further modified due to the impact of using United States of America dollar ("US$") valuation inputs rather than local currency valuation inputs, and then translating the value so derived to Zimbabwe dollars ("ZWL") using the interbank foreign exchange rate as per the Foreign Exchange Auction Trading System of the Reserve Bank of Zimbabwe at the reporting date, when valuing investment property, and land and buildings included in property, plant and equipment (together the "properties") of the Group. Notwithstanding the fact that the spot rate applied as at 30 September 2021 was considered to meet the spot rate definition as per IAS 21, the application of a conversion rate to US$ valuation inputs and a US$ based valuation to calculate ZWL properties 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. Although the ZWL property values as at 31 March 2022 are an accurate reflection of market dynamics as the inputs reflect the risks associated with property trading, the opinion for the year ended 31 March 2022 was further modified due to the impact of the misstatement described above with respect to the valuation of properties in the prior period, on the consolidated financial position and performance for the year ended 31 March 2022, as well as its impact on the comparability of the figures as at 31 March 2022 to that of the comparative period.

In addition, the Group inappropriately classified the conversion option of a foreign currency denominated financial instrument as equity as opposed to a financial liability, which is not in compliance with IAS 32, '*Financial Instruments: Presentation*'. This matter only had an impact on the comparability of the figures as at 31 March 2022 to that of the comparative period.

Our conclusion on the interim condensed consolidated financial statements as at 30 September 2022, and for the six-month period then ended, is modified because of the possible effects that these matters have on the current period condensed consolidated financial statements and the comparability of the current period's figures to that of the comparative period and year. These possible effects are outlined below.

The misstatements described in the paragraph 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 Group changed its functional currency in accordance with the requirements of IAS 21 and amounts retrospectively restated in accordance with the requirements of IAS 8, and then inflation adjusted in accordance with IAS 29 as at 30 September 2022, property and equipment (excluding land and buildings) and retained earnings in the condensed consolidated statement of financial position as at 30 September 2022, and the related depreciation and income tax movements within the condensed consolidated statement of profit or loss and other comprehensive income for the six-month period then ended, would have been materially restated. It was not practicable to quantify the financial effects of this matter on the interim condensed consolidated financial statements for the six-month period ended 30 September 2022.

The misstatement described above with respect to the valuation of properties in the prior period only had an impact on the comparability of the current period's figures to that of the comparative period.

Adverse conclusion

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

Pricewaterhouse Coopers

Clive K Mukondiwa
Registered Public Auditor
Public Accountants and Auditors Board, Public Auditor Registration Number 0439
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253168
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

19 December 2022

Harare, Zimbabwe