



star**africa**corporation
limited

Reviewed Interim
Abridged Financial Results

for the period ended 30 September 2023

SALIENT FEATURES FOR THE YEAR			
	INFLATION ADJUSTED		HISTORICAL COST
	Period ended 30 September 2023		Period ended 30 September 2022
Revenue	↑	35%	↑ 382%
Operating Profit	↓	-723%	↓ -432%
Net Assets	↓	-13%	↑ 129%

Chairman’s Statement

OVERVIEW

The Company operated under challenging conditions during the period under review. The trading environment was characterised by some shifts in policies, as authorities responded to the developments in currency and inflation. Measures implemented within this period resulted in a more stable blended inflation rate and an increased use of foreign currency, amid the continued depreciation of the local currency.

The first half of the year saw the Company experience depressed sales, brought on by a three-month-long shutdown, caused by an upward price review of raw sugar. This being experienced at a time when sugar imports were duty free, following promulgation of Statutory Instrument 80 of 2023 (SI 80 of 2023). The sole local supplier of raw sugar to StarAfrica increased its prices making the Company’s products uncompetitive relative to the cheaper imports. As a result, the company experienced depressed sales within this period.

The Company imported part of its raw sugar requirements from Zambia while negotiations were underway with the local supplier. The negotiations were successfully concluded, and operations resumed in the month of October 2023.

The high cost of power, water, interest rates and other inflationary pressures continue to impact the cost of doing business.

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 35% increase in turnover was recorded in the period under review, from ZWL73.52 billion to ZWL99.41 billion. However, the Group’s operating profit receded by 723%, from ZWL4.73 billion in the prior year comparative period to negative ZW29.45 billion for the six months ended 30 September 2023. The lower operating profit was a direct result of reduced sales volumes and increases in operating costs in real terms. In historical terms, revenue increased by 382%, from ZWL15.82 billion recorded in the prior year comparative period to ZWL76.20 billion, while operating profit decreased by 432%, from ZWL3.20 billion to negative ZWL10.64 billion.

OPERATIONS

Goldstar Sugars (“GSS”)

Goldstar Sugars (GSS) experienced a 41% decrease in sales volumes of granulated sugar compared to the same period in the previous year. The decline was mainly due to depressed demand caused by the influx of cheaper sugar imports, after the suspension of duty on basic commodities. Additionally, the refinery was closed for three months from July to September 2023 owing to relative upward price adjustments by the sole local supplier, which made the business’ products uncompetitive relative to imports. However, the pricing issues were resolved with the raw sugar supplier at the end of September 2023.

Country Choice Foods (“CCF”)

Country Choice Foods (CCF) also experienced a decline in sales volumes of sugar specialties during the same period. Sales volumes dropped by 46% due to the erratic supply of raw materials from GSS. The Company is working on increasing its production capacity and satisfying local demand for its granulated sugar and specialties.

Properties Business

Revenue performance for this business, improved significantly with ZWL650.49 million of rental income being recorded, compared with ZWL352.42 million in the prior comparative period.

Tongaat Hulett Botswana

The associate recorded a profit for the period under review of ZWL2.65 billion, of which the Company’s share was ZWL882.52 million after converting the earnings into Zimbabwe Dollars at the Reserve Bank of Zimbabwe Auction exchange rate as at 30 September 2023.

DIVIDEND

Considering the Company’s focus on ensuring that adequate working capital is maintained, the Board has taken a decision not to declare a dividend for the six months ended 30 September 2023.

DIRECTORATE

Resignation

Mr. Aldo J. Musemburi resigned from the position of Company Secretary, with effect from 31 December 2023, due to retirement. Mr. Musemburi has been with the company for 12 years and 4 months. Under his leadership, the company successfully implemented the Secondary Scheme of Arrangement with creditors and navigated through the challenges posed by the COVID-19 pandemic.

It is with profound gratitude that the Board thanks Mr. Musemburi for his service and wishes him well for the future.

An announcement on the appointment of a substantive Company Secretary will be made in due course. In the meantime, the Finance Director of StarAfrica, Mr. Formai M. Myambuki, will perform the duties of Company Secretary of the Company.

OUTLOOK

The local sugar industry is at a cost disadvantage due to the frequency of power cuts, inflationary pressures, and high borrowing costs. Since the promulgation of SI 80 of 2023, cheaper imported brands of sugar have penetrated the local market, resulting in reduced demand for locally produced sugar. This has negatively affected the industry’s ability to meet its working capital requirements.

The 2024 National Budget outlines a proposal to reinstate the suspended duty on basic commodities from the 31st of January 2024. The removal of sugar from duty-free imports will positively impact the local sugar industry, preserve local jobs, and ensure Zimbabwe continues to retain the much-needed foreign currency for the development of our economy.

Despite the challenges faced in the six months ended 30 September 2023, the company has strategically implemented measures aimed at ensuring a return to profitability and positive cash flow generation. Management have assessed the Group’s going concern position by considering the current trading activities, financial position, and the projected requirements. The industry has sufficient production capacity and capability to avail good quality sugar in sufficient quantities to meet the country’s requirements. As fully explained in Note 7, under Notes to the Financial Statements, all major challenges were of a short-term nature. The Company looks forward to seeing an improvement in performance in the near future.

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

30 January 2024

Interim Abridged Consolidated Statement Of Profit Or Loss
and Other Comprehensive Income

for the period ended 30 September 2023

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	REVIEWED 30 Sept 2023 ZWL	REVIEWED 30 Sept 2022 ZWL	REVIEWED 30 Sept 2023 ZWL	REVIEWED 30 Sept 2022 ZWL
Revenue from contracts with customers		98,755,966,991	73,164,172,806	75,669,114,574	15,741,966,469
Rental income		650,486,554	352,423,551	535,167,581	75,454,988
Revenue		99,406,453,545	73,516,596,357	76,204,282,155	15,817,421,457
Cost of sales		(79,844,645,753)	(59,205,556,217)	(63,121,173,212)	(12,717,153,137)
Gross profit		19,561,807,792	14,311,040,140	13,083,108,943	3,100,268,320
Other operating income		649,979,911	426,150,394	567,112,708	106,301,178
Fair value gain on investment property		9,573,678,695	1,834,270,586	22,486,427,918	2,554,810,000
Selling and distribution expenses		(12,292,217,280)	(1,188,857,625)	(6,039,209,335)	(266,935,422)
Administrative expenses		(22,543,860,142)	(10,066,485,568)	(17,465,759,945)	(2,103,547,982)
Expected credit (losses)/gain		378,156,674	(112,595,966)	-	(68,557,300)
Exchange (loss)/gain		(24,778,637,628)	(473,371,247)	(23,275,581,737)	(120,901,257)
Operating (loss)/profit		(29,451,091,978)	4,730,150,714	(10,643,901,448)	3,201,437,537
Finance costs		(363,084,916)	-	(317,669,662)	-
Finance income		116,644	339,774	107,988	60,508
Share of profit of an associate		882,518,399	461,373,944	882,518,399	131,158,064
Gain / (loss) on net monetary position		10,617,705,541	(4,400,360,746)	-	-
(Loss)/profit before income tax		(18,313,836,310)	791,503,686	(10,078,944,723)	3,332,656,109
Income tax expense	2	(4,298,033,456)	(1,261,019,165)	(3,953,939,035)	(354,020,840)
(Loss)/profit for the year		(22,611,869,766)	(469,515,479)	(14,032,883,758)	2,978,635,269
Other comprehensive income :					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Exchange differences on translating foreign operations		6,393,750,609	2,268,617,563	6,393,750,609	644,916,106
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:		6,393,750,609	2,268,617,563	6,393,750,609	644,916,106
Other comprehensive income not to be reclassified to profit or loss in subsequent periods.					
Revaluation surplus of property, plant and equipment		12,886,213,590	2,005,524,475	28,685,254,296	2,814,035,262
Income tax effect		(2,149,709,894)	(495,765,651)	(5,831,369,499)	(699,614,786)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:		10,736,503,696	1,509,758,824	22,853,884,797	2,114,420,476
Other comprehensive income for the year, net of tax		17,130,254,305	3,778,376,387	29,247,635,406	2,759,336,582
Total comprehensive (loss)/ income		(5,481,615,461)	3,308,860,908	15,214,751,648	5,737,971,851
(Loss)/profit attributable to:					
Non-controlling interests		171,862,678	207,897,303	1,632,267,562	177,301,350
Equity holders of the parent		(22,783,732,444)	(677,412,782)	(15,665,151,320)	2,801,333,919
(22,611,869,766)		(469,515,479)	(14,032,883,758)	2,978,635,269	
Total comprehensive (loss)/income attributable to:					
Non-controlling interests		171,862,678	207,897,303	1,632,267,562	177,301,350
Equity holders of the parent		(5,653,478,139)	3,100,963,605	13,582,484,086	5,560,670,501
(5,481,615,461)		3,308,860,908	15,214,751,648	5,737,971,851	
(Loss)/Earnings per share	3				
Basic (cents)		(473.81)	(14.09)	(325.77)	58.26
Diluted (cents)		(473.81)	(14.09)	(325.77)	58.26
Headline (cents)		(235.77)	(36.01)	(313.42)	19.86



Reviewed Interim Abridged Financial Results

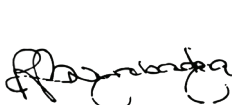
for the period ended 30 September 2023

Interim Abridged Consolidated Statement Of Financial Position

as at 30 September 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		REVIEWED	AUDITED	REVIEWED	AUDITED
		As at	As at	As at	As at
		30 Sept 2023	31 March 2023	30 Sept 2023	31 March 2023
		ZWL	ZWL	ZWL	ZWL
Notes					
ASSETS					
Non-current assets					
Property, plant and equipment	4	45,931,509,465	33,508,164,102	37,441,481,423	8,665,683,215
Investment property	5	28,340,427,918	18,766,749,223	28,340,427,918	5,854,000,000
Investment in an associate		7,933,347,537	4,259,937,960	7,933,347,537	1,328,822,404
		82,205,284,920	56,534,851,285	73,715,256,878	15,848,505,619
Current assets					
Inventories		5,938,939,606	5,393,159,212	5,932,690,071	1,680,951,158
Trade and other receivables		3,101,959,911	8,495,864,884	3,101,959,911	2,650,154,933
Prepayments and deposits		7,680,736,649	5,462,015,374	6,532,376,929	1,672,517,234
Cash and cash equivalents		984,772,922	2,654,584,552	984,772,922	828,056,995
		17,706,409,088	22,005,624,022	16,551,799,833	6,831,680,320
Total assets		99,911,694,008	78,540,475,307	90,267,056,711	22,680,185,939
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital		206,022,473	206,022,473	480,866	480,866
Share premium		24,747,362,604	24,747,362,604	57,761,526	57,761,526
Non-distributable reserves		35,003,487,205	17,873,232,901	36,591,451,891	7,343,816,485
(Accumulated losses)/retained earnings		(27,340,325,022)	(4,556,592,579)	(11,802,625,389)	3,862,525,931
		32,616,547,260	38,270,025,399	24,847,068,894	11,264,584,808
Non-controlling interest		4,006,813,772	3,834,951,094	2,129,970,262	497,702,700
Total equity		36,623,361,032	42,104,976,493	26,977,039,156	11,762,287,508
Non-current liabilities					
Deferred tax liability		11,991,555,877	5,729,846,699	11,999,171,695	1,345,671,769
Current liabilities					
Trade and other payables		43,399,381,095	27,231,658,140	43,393,449,853	8,488,567,447
Loans and borrowings	6	759,002	2,433,208	759,002	759,002
Bank overdraft		8,370,514,304	2,924,873,433	8,370,514,304	912,369,472
Income tax payable		(473,877,302)	546,687,334	(473,877,299)	170,530,741
		51,296,777,099	30,705,652,115	51,290,845,860	9,572,226,662
Total liabilities		63,288,332,976	36,435,498,814	63,290,017,555	10,917,898,431
Total equity and liabilities					
		99,911,694,008	78,540,475,307	90,267,056,711	22,680,185,939


R. J. Mbire
Chairman
30 January 2024


R. Nyabadza
Chief Executive
30 January 2024

Interim Abridged Consolidated Statement of Cash Flows

for the period ended 30 September 2023

		INFLATION ADJUSTED		HISTORICAL COST	
		REVIEWED	REVIEWED	REVIEWED	REVIEWED
		Period ended	Period ended	Period ended	Period ended
		30 Sept 2023	30 Sept 2022	30 Sept 2023	30 Sept 2022
		ZWL	ZWL	ZWL	ZWL
Operating activities					
Cash used in operations		(6,197,274,255)	3,167,652,909	(6,742,621,547)	250,828,809
Finance cost paid		(363,084,916)	-	(317,669,662)	-
Income tax paid		(44,556,151)	(244,421,567)	(44,556,151)	(49,307,803)
Net cash flows generated from/(used in) operating activities		(6,604,915,322)	2,923,231,342	(7,104,847,360)	201,521,006
Cashflows from investing activities					
Acquisition of property, plant and equipment		(743,362,591)	(1,094,526,245)	(429,398,302)	(217,236,321)
Finance income received		116,644	339,775	107,988	60,508
Dividends received from associate		891,123,119	375,327,940	891,123,119	73,078,005
Proceeds on disposal of property, plant and equipment		-	90,314,858	-	24,812,395
Net cash flows (used in)/generated from investing activities		147,877,172	(628,543,672)	461,832,805	(119,285,413)
Net (decrease) /increase in cash and cash equivalents					
Net foreign exchange difference		(658,414,351)	(5,036,854,796)	(658,414,350)	(169,806,720)
Cash and cash equivalents as at 1 April		(270,288,881)	3,893,941,940	(84,312,477)	414,994,374
Cash and cash equivalents as at 30 September		(7,385,741,382)	1,151,774,814	(7,385,741,382)	327,423,247
CASH AND CASH EQUIVALENTS COMPRISE:					
Bank balances and cash		984,772,922	1,151,774,814	984,772,922	327,423,247
Bank overdraft		(8,370,514,304)	-	(8,370,514,304)	-
Cash and cash equivalents at 30 September		(7,385,741,382)	1,151,774,814	(7,385,741,382)	327,423,247

Interim Abridged Consolidated Statement Of Changes In Equity

for the period ended 30 September 2023

GROUP							
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
INFLATION ADJUSTED	Issued capital ZWL	Share premium ZWL	Non -distributable reserve ZWL	(Accumulated losses) / Retained Earnings ZWL	Total ZWL	Non-controlling interests ZWL	Total equity ZWL
Balance as at 31 March 2023	206,022,473	24,747,362,604	17,873,232,901	(4,556,592,579)	38,270,025,399	3,834,951,094	42,104,976,493
Total comprehensive income	-	-	17,130,254,304	(22,783,732,443)	(5,653,478,139)	171,862,678	(5,481,615,461)
Loss/(profit) for the period	-	-	-	(22,783,732,443)	(22,783,732,443)	171,862,678	(22,611,869,765)
Other comprehensive income	-	-	17,130,254,304	-	17,130,254,304	-	17,130,254,304
Balance as at 30 September 2023	206,022,473	24,747,362,604	35,003,487,205	(27,340,325,022)	32,616,547,260	4,006,813,772	36,623,361,032
For the six months ended 30 September 2022							
Balance as at 31 March 2022	206,022,473	24,747,362,604	5,387,994,176	1,539,918,470	31,881,297,724	3,283,993,833	35,165,291,557
Total comprehensive income	-	-	3,778,376,387	(677,412,782)	3,100,963,605	207,897,303	3,308,860,908
Profit for the period	-	-	-	(677,412,782)	(677,412,782)	207,897,303	(469,515,479)
Other comprehensive income	-	-	3,778,376,387	-	3,778,376,387	-	3,778,376,387
Balance as at 30 September 2022	206,022,473	24,747,362,604	9,166,370,563	862,505,688	34,982,261,329	3,491,891,136	38,474,152,465
HISTORICAL COST							
Balance as at 31 March 2023	480,866	57,761,526	7,343,816,485	3,862,525,931	11,264,584,808	497,702,700	11,762,287,508
Total comprehensive income	-	-	29,247,635,406	(15,665,151,320)	13,582,484,086	1,632,267,562	15,214,751,648
Profit for the period	-	-	-	(15,665,151,320)	(15,665,151,320)	1,632,267,562	(14,032,883,758)
Other comprehensive income	-	-	29,247,635,406	-	29,247,635,406	-	29,247,635,406
Balance as at 30 September 2023	480,866	57,761,526	36,591,451,891	(11,802,625,389)	24,847,068,894	2,129,970,262	26,977,039,156
For the six months ended 30 September 2022							
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



Notes To The Interim Abridged Consolidated Financial Statements

for the period ended 30 September 2023

1 CORPORATE INFORMATION

These abridged consolidated financial results were extracted from the full set of the interim abridged consolidated financial statements of StarAfrica Corporation Limited (the “Company”) and its subsidiaries and associate (collectively the “Group”) for the half year ended 30 September 2023 were authorized for issue in accordance with a resolution of the directors on 30 January 2024 . 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

Name	Relationship	%Equity interest	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

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 and 2023 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

Significant developments in the economy for the half year ended 30 September 2023 have warranted an assessment of whether the functional currency of the Company has changed from the Zimbabwe Dollar. In the first two months of trading, the mix of local currency sales exceeded 50% and was on an upward trajectory. However, in the third month the inverse occurred resulting in an increase in foreign currency sales. Month four showed signs of the local currency rekindling usage but this position overturned in the preceding months. Subsequent to the period under review, October saw the foreign currency sales spike above 70%, however, we have since noted a progressively steady decline in the mix.

The currency mix is yet to stabilize and continues to fluctuate within relatively short intervals. The Group cannot conclusively assert, with a high level of reliability, that the increase in foreign currency transactions in the half year ended 30 September 2023, would be sustained in the coming months. The period in which these changes have occurred is far too limited for the Company to conclude that the functional currency has indeed changed. As a result, the Group, for the six months ended 30 September 2023, has maintained the Zimbabwe Dollar as the functional currency.

The Company will continue to periodically review and assess the operating environment, the requirements of the International Financial Reporting Standards, the foreign currency composition of transactions and balances in the coming financial year.

1.3 (c) Statement of Compliance

These interim abridged consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, and the Zimbabwe Stock Exchange (the “ZSE”) Listing Requirements, except for non-compliance with IAS 21, IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, and the consequential non-compliance with IAS 29 - Financial Reporting in Hyperinflationary Economies. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position of the Group since the last annual consolidated financial statements as at and for the year ended 31 March 2023.

These interim abridged consolidated financial statements do not include all the information required for the full annual financial statements prepared in accordance with International Financial Reporting Standards.

The principal accounting policies applied in the preparation of these interim abridged consolidated financial statements are set out below.

These policies have been consistently applied, unless otherwise stated.

Notes To The Interim Abridged Consolidated Financial Statements (continued)

for the period ended 30 September 2023

1 CORPORATE INFORMATION (continued)

1.4 Basis of preparation

International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies.

These interim abridged consolidated financial statements are presented in Zimbabwe 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.

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date and that corresponding figures for previous periods be stated in the same terms as the latest balance sheet date. The restatement has been calculated by means of conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe National Statistics Agency (ZIMSTAT) up to 31 January 2023.

On the 3rd of March 2023, Minister of Finance and Economic Development introduced Statutory Instrument 27 of 2023: Census and Statistics (General) Notice, 2023 which states that the rate of inflation is now blended for both the Zimbabwe and United States dollars. The separate consumer price index for the Zimbabwe dollar, which is the Group's functional currency and the currency that is experiencing hyper-inflation, is no longer available. Consequently, ZIMSTAT stopped reporting ZW\$ inflation and CPI figures and only released blended CPI figures. In September 2023 further changes were experienced as a geometric method of calculating inflation was introduced. The Group faced challenges, which had been using the ZW\$ CPI for restating historical figures to reflect hyperinflation.

Prior to the change in the CPI methodology, the use of indices issued by ZIMSTAT made it possible for businesses in Zimbabwe to compare results. While it would be preferable for all companies using the ZW\$ functional currency to use the same index, the standard allows each business to determine its own index for the purpose of compliance with IFRS. The determination of an appropriate index is a significant area of judgement, and the timing of the resolution of the uncertainty regarding the CPI is unknown.

In efforts to guide businesses, the Institute of Chartered Accountants of Zimbabwe (ICAZ) in May 2023 provided a recommendations on IAS 29 - Financial Accounting in Hyper Inflationary Economies which proposed the use of official publicly available information in determining the CPI estimates. ZIMSTAT publishes monthly statistics on the Total Consumption Poverty Line (TCPL) in ZW\$, which measures the amount required to purchase both non-food and food items. By analysing the correlation between the movement in TCPL and the officially published CPI from January 2019 to January 2022, a very strong relationship with a coefficient correlation of 0.99 was observed and ICAZ consequently determined that from February 2023 going forward CPI can be estimated by adjusting the last published CPI based on the monthly movement of the TCPL. The Group adopted this guidance.

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 2023	44,720.87	1.0000
31 March 2023	13,949.99	3.2058
30 September 2022	12,713.12	3.5177

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED Period ended 30 Sept 2023 ZWL	REVIEWED Period ended 30 Sept 2022 ZWL	REVIEWED Period ended 30 Sept 2023 ZWL	REVIEWED Period ended 30 Sept 2022 ZWL
2 Income tax expense				
Current income tax	7,809,550	1,063,658,133	7,809,550	302,373,689
Tax on foreign dividends	178,224,624	56,133,192	178,224,623	14,615,600
Deferred tax	4,111,999,282	141,227,840	3,767,904,862	37,031,551
	4,298,033,456	1,261,019,165	3,953,939,035	354,020,840
3 Earnings Per Share				
Basic Earnings Per Share				
(Loss) / profit attributable to equity holders of the parent	(22,783,732,444)	(677,412,782)	(15,665,151,320)	2,801,333,919
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)	(473.81)	(14.09)	(325.77)	58.26
Diluted Earnings Per Share				
(Loss) / profit attributable to equity holders of the parent	(22,783,732,444)	(677,412,782)	(15,665,151,320)	2,801,333,919
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)	(473.81)	(14.09)	(325.77)	58.26
Headline (Loss) / Earnings Per Share				
Headline (loss)/earnings	(11,337,439,359)	(1,731,431,678)	(15,071,076,325)	955,062,524
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)	(235.77)	(36.01)	(313.42)	19.86
Reconciliation of Earnings Used in Calculating Earnings Per Share (Loss) / Profit Attributable to Equity Holders of the Group	(22,783,732,444)	(677,412,782)	(15,665,151,320)	2,801,333,919
Adjusted for:				
Fair value gain on investment properties	(9,573,678,695)	(1,834,270,586)	(22,486,427,918)	(2,554,810,000)
Loss /(profit) on sale of property, plant and equipment	-	(39,232,032)	-	(18,630,305)
Exchange loss/(gain) net of dilution losses on equity-accounted investments	24,778,637,628	473,371,247	23,275,581,737	120,901,257
Adjusted earnings	(7,578,773,511)	(2,077,544,153)	(14,875,997,501)	348,794,871
Total tax effect on adjustments	(3,758,665,848)	346,112,475	(195,078,824)	606,267,653
Headline (Loss) / Earnings	(11,337,439,359)	(1,731,431,678)	(15,071,076,325)	955,062,524



Notes To The Interim Abridged Consolidated Financial Statements (continued)

for the period ended 30 September 2023

4 PROPERTY, PLANT AND EQUIPMENT

INFLATION ADJUSTED						
	Land and buildings ZWL	Plant and machinery ZWL	Commercial vehicles ZWL	Passenger motor vehicles ZWL	Furniture and equipment ZWL	Total ZWL
Cost						
Balance at 31 March 2023	23,193,958,084	15,359,742,506	1,446,582	329,082,609	848,822,022	39,733,051,803
Additions	-	702,644,625	-	-	40,717,966	743,362,591
Disposals	-	-	-	-	-	-
Revaluation of property	12,422,334,428	-	-	-	-	12,422,334,428
Balance at 30 September 2023	35,616,292,512	16,062,387,131	1,446,582	329,082,609	889,539,988	52,898,748,822
Accumulated depreciation						
Balance at 31 March 2023	-	5,765,192,329	1,446,582	91,891,384	366,357,406	6,224,887,701
Depreciation charge for the period	463,879,162	537,997,555	-	67,408,076	136,946,025	1,206,230,818
Depreciation reversal on revaluation	(463,879,162)	-	-	-	-	(463,879,162)
Disposals	-	-	-	-	-	-
Balance at 30 September 2023	-	6,303,189,884	1,446,582	159,299,460	503,303,431	6,967,239,357
Net book value						
30 September 2023	35,616,292,512	9,759,197,247	-	169,783,149	386,236,557	45,931,509,465
Net book value						
31 March 2023	23,193,958,084	9,594,550,177	-	237,191,225	482,464,616	33,508,164,102

HISTORICAL COST						
Cost						
Balance at 31 March 2023	7,235,000,000	1,361,356,918	3,376	46,817,761	77,764,065	8,720,942,120
Additions	-	389,164,862	-	-	40,233,440	429,398,302
Disposals	-	-	-	-	-	-
Revaluation of property	28,381,292,512	-	-	-	-	28,381,292,512
Balance at 30 September 2023	35,616,292,512	1,750,521,780	3,376	46,817,761	117,997,505	37,531,632,934
Accumulated depreciation						
Balance at 31 March 2023	-	31,823,517	3,376	8,086,211	15,345,801	55,258,905
Depreciation charge for the period	303,961,784	17,441,960	-	4,193,391	13,257,255	338,854,390
Depreciation reversal on revaluation	(303,961,784)	-	-	-	-	(303,961,784)
Disposals	-	-	-	-	-	-
Balance at 30 September 2023	-	49,265,477	3,376	12,279,602	28,603,056	90,151,511
Net book value						
30 September 2023	35,616,292,512	1,701,256,303	-	34,538,159	89,394,449	37,441,481,423
Net book value						
31 March 2023	7,235,000,000	1,329,533,401	-	38,731,550	62,418,264	8,665,683,215

4.1 Reconciliation of Revaluation of Land and Buildings

Adjustment to the gross carrying amount (note 4)	12,422,334,428	1,817,445,058	28,381,292,512	2,793,447,892
Reversal of depreciation (note 4)	463,879,162	188,079,417	303,961,784	20,587,370
Revaluation adjustment in profit or loss and OCI	12,886,213,590	2,005,524,475	28,685,254,296	2,814,035,262

INFLATION ADJUSTED				
	REVIEWED As at 30 Sept 2023 ZWL	REVIEWED As at 31 March 2023 ZWL	REVIEWED As at 30 Sept 2023 ZWL	REVIEWED As at 31 March 2023 ZWL
5 INVESTMENT PROPERTY				
Balance at 1 April	18,766,749,225	11,442,526,975	5,854,000,000	1,219,480,000
Valuation gain on investment property	9,573,678,695	8,318,269,963	22,486,427,918	4,740,460,000
Disposals	-	(994,047,715)	-	(105,940,000)
Closing Balance	28,340,427,920	18,766,749,223	28,340,427,918	5,854,000,000
Revenue and Expenses Relating to Investment Property				
Rental income	650,486,554	352,423,551	535,167,581	75,454,988
Operating costs	(166,630,402)	(52,437,908)	(153,079,087)	(10,979,574)

Notes To The Interim Abridged Consolidated Financial Statements (continued)

for the period ended 30 September 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	REVIEWED As at 30 Sept 2023 ZWL	AUDITED As at 31 March 2023 ZWL	REVIEWED As at 30 Sept 2023 ZWL	AUDITED As at 31 March 2023 ZWL
INVESTMENT PROPERTY (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)				
Industrial	27,370,640,824	18,135,206,757	27,370,640,824	5,657,000,000
Residential	969,787,094	631,542,466	969,787,094	197,000,000
Total	28,340,427,918	18,766,749,223	28,340,427,918	5,854,000,000

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 COST		
REVIEWED	AUDITED	REVIEWED	AUDITED	
As at	As at	As at	As at	
30 Sept 2023	31 March 2023	30 Sept 2023	31 March 2023	
ZWL	ZWL	ZWL	ZWL	
6 LOANS AND BORROWINGS				
Changes in interest-bearing loans and borrowings arising from financing activities				
Balances at 1 April	2,433,207	7,121,805	759,002	759,002
Interest charged	-	-	-	-
Repayment	-	-	-	-
Effect of inflation	(1,674,206)	(4,688,597)	-	-
Closing balance	759,002	2,433,208	759,002	759,002

7 GOING CONCERN

During the six months ended 30 September 2023, the Group experienced the following;

- a three month long shutdown
- 41% reduction in sales volumes versus prior year same period
- implications of the effects of Statutory Instrument 80 of 2023 (SI 80 of 2023) which suspended import duty on importation of sugar
- loss before tax of ZWL 18.31 billion versus a profit in the prior year same period of ZWL 0.79 billion.
- and current liabilities exceeding current assets by ZWL 33.6 billion

The ability of the Group to continue generating cash flows was temporarily affected by a price increase by its sole local supplier of the major raw material, however, the increase has since been reversed and an alternative supplier secured in Zambia. Management has also implemented a turnaround strategy focused on cost containment and improved procurement practices.

In terms of SI 80 of 2023, the 2024 National Budget has outlined a proposal to reinstate the suspended duty on basic commodities from the 31st of January 2024. A development will positively impact the local sugar industry and the economy through the retention of foreign currency.

Despite the challenges faced, management anticipates that the business will be able to generate positive cash flows into the future as demand for the Group's products remains high domestically. 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.

Impact of the Russia-Ukraine Conflict

Global economic shocks arising from the Russia-Ukraine conflict triggered increases in grain and oil prices towards the end of 2022 financial year into the half year under review. This has 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 StarAfrica, 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.

None of the Directors have any links to Russia, which have caused, or are likely to cause, sanctions being imposed on those Directors or on the Group.

8 AUDITOR'S STATEMENT

These interim abridged consolidated financial statements for the six-month period ended 30 September 2023 have been reviewed by Messrs Grant Thornton Chartered Accountants (Zimbabwe) and a modified review conclusion was issued thereon. A qualified review conclusion was issued on the basis of non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates in the prior financial years and International Accounting Standard (IAS) 8 – Accounting Policies, Changes in Accounting Estimates and Errors and non-compliance with IFRS 13 - Fair value measurement on valuation of investment properties, and property, plant and equipment. The review report includes a section on material uncertainty related to going concern. The conclusion is not modified in respect of this matter.

The Engagement Partner on the review resulting in this review conclusion is Trevor Mungwazi (PAAB Number 0622).

Grant Thornton

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REPORT ON REVIEW OF INTERIM ABRIDGED CONSOLIDATED FINANCIAL INFORMATION

To the members of Starafrika Corporation Limited

We have reviewed the accompanying interim abridged consolidated statement of financial position of Starafrika Corporation Limited as at 30 September 2023 and the related abridged consolidated statement of profit or loss and other comprehensive income, abridged consolidated statement of changes in equity and abridged consolidated statement of cash flows for the six-month period then ended, and a summary of significant Group accounting policies and other explanatory notes.

Responsibilities of Management and Those Charged with Governance for the interim abridged consolidated financial information

Management is responsible for the preparation and fair presentation of this interim abridged consolidated financial information in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* and the Group's accounting policies, this includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of interim abridged consolidated financial information that is free of material misstatement whether due to fraud or error.

Our responsibility is to express a conclusion on this interim abridged consolidated 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 Qualified Conclusion

Non-compliance with International Accounting Standard (IAS) 21 - The Effect of Changes in Foreign Exchange Rates in the prior financial years and International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimates and Errors

During the prior financial years, the foreign currency denominated transactions and balances of the Group were translated into USD using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21, *‘The Effects of Changes in Foreign Exchange Rates’*. As a result, a modified conclusion and a modified opinion, were issued on the interim abridged consolidated financial information for the six-month period ended 30 September 2022 and on the consolidated financial statements for the year ended 31 March 2023, respectively.

As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8, *‘Accounting Policies, Changes in Accounting Estimates and Errors’*, some comparative numbers in the interim abridged consolidated financial statements may be misstated. Our conclusion on this interim abridged consolidated financial information is modified because of the possible effects of the above matters on the comparability of the current period’s figures to corresponding figures of the comparative period.

Had the interim abridged consolidated financial information been prepared in accordance with the requirements of IAS 21, some elements would have been materially different. The effects of the non-compliance with the requirements of IAS 21 have been considered to be material but not pervasive to the interim abridged consolidated financial information.

Valuation of investment properties, and property, plant and equipment

The determination of fair values for assets presented in the interim abridged consolidated financial information is affected by the prevailing economic environment. These financial results include investment properties, and property, plant and equipment that are carried at fair value in accordance with IFRS 13, "Fair value measurement". The valuation of the investment properties, and property, plant and equipment was performed by Directors as at 30 September 2023. The property valuations were determined in USD and then translated to ZWL using the auction rate on the Foreign Exchange Auction Trading System of the Reserve Bank of Zimbabwe as at 30 September 2023.

Although the determined USD values reflect the fair value of the investment properties, and property, plant and equipment in USD, the converted ZWL fair values were not in compliance with IFRS 13 as they may not reflect the assumptions that market participants would apply in valuing similar items of investment properties, and property, plant and equipment in ZWL. This is because the application of the auction rate in converting the fair values from USD to ZWL may not reflect the price that would be received in an orderly transaction between market participants, assuming the market participants act in their economic best interest.

Qualified Conclusion

Based on our review, except for the effects of the matters described in the *Basis for Qualified Conclusion* section of our report, nothing has come to our attention which causes us to believe that the accompanying interim abridged consolidated financial information does not present, in all material respects, the financial position of Starafrika Corporation Limited as at 30 September 2023, its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards (IFRSs).

Material Uncertainty Related to Going Concern

We draw attention to **note 7** to the interim abridged consolidated financial information which indicates that the Group incurred an operating loss before tax of **ZWL 18 313 836 310** for the six-month period ended 30 September 2023, and as at that date, the Group's current liabilities exceeded current assets by **ZWL 33 590 368 011**. As stated in **note 7**, these events or conditions, along with other matters as set forth in **note 7**, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

The engagement partner on the review engagement resulting in this independent review conclusion is Trevor Mungwazi.

Grant Thornton

Trevor Mungwazi
Partner

Registered Public Auditor (PAAB No: 0622)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

31 January 2024