

TSL LIMITED

2017 Annual Report

CONTENTS

FINANCIAL HIGHLIGHTS

		2017	2016 Restated	% Change
Revenue	**$**	**50,555,093**	**47,235,811**	**7%**
Operating Profit	$	7,002,016	5,633,884	24%
Profit before tax	$	6,380,382	3,746,564	70%
Profit after tax attributabe to equity holders of the parent	$	4,258,642	2,933,311	45%
Total comprehensive income attributable to equity holders of the parent	$	7,986,680	4,811,107	66%
Basic earnings per share	$	0.012	0.008	50%
Diluted earnings per share	$	0.012	0.008	50%
Headline earnings per share	$	0.011	0.010	10%
Diluted headline earnings per share	$	0.011	0.010	10%
Net asset value per share	$	0.231	0.210	10%
Financial gearing ratio	%	14%	15%	7%
Current ratio		1.7	1.7	0%
Dividend per share	c	0.45	0.3	50%
Shares in issue at year end	000's	357,102	357,102	0%

COMPANY PROFILE, VISION AND MISSION STATEMENT

COMPANY PROFILE

TSL Limited is a holding company incorporated and domiciled in Zimbabwe, whose shares are publicly traded on the Zimbabwe Stock Exchange.

TSL, through its subsidiaries, has substantial interests in logistics, agriculture and real estate.

The Company was founded in 1957 and through the energetic pursuit and implementation of a diversification strategy has grown to become a significant player in its chosen spheres of operation.

VISION STATEMENT

To become the standard of excellence in providing innovative solutions in logistics, real estate, commodity production and trading in the Southern African Development Community for the benefit of all stakeholders.

MISSION STATEMENT

By using the latest technology and developing its employees, each of the Group's operating companies strives to attain market leadership through the provision of quality goods and outstanding service to its customers, thereby creating and maximising shareholder value.

CORE VALUES

To ensure the prosperity and well being of TSL Limited's shareholders, employees and customers, sustainable long term profit growth is essential. In its pursuit of its mission and vision, the TSL Group is guided by the following philosophies:

- A decentralised management structure which provides a large degree of autonomy to subsidiaries in their own management, with a small corporate head office providing strategic direction, coordination of group activities and shared services in finance and treasury, human resources, procurement and information technology.

- The Company's success is derived from its employees and in this regard, mutual respect, open communication, teamwork, individual initiative and reward for excellent performance are upheld throughout the Group.

- Customers can count on our strongest commitment to meet their needs with high quality products and superior service, supported by innovative technology and continuous improvement.

- Our conduct demonstrates a deep concern for human safety and environmental stewardship while embracing the highest standards of ethics and good corporate governance.

GROUP STRUCTURE

SEGMENT	COMPANY	ACTIVITIES	HOLDING
	SUBSIDIARIES		
REAL ESTATE	**TSL Properties Limited**	Property owning	100%
	Southerton Properties (Private) Limited	Property owning	100%
	H.G.P.Vorstermans (Private) Limited	Property owning	100%
	Tobacco Producers Floor (Private) Limited	Property owning	100%
	Ridwyn (Private) Limited	Property owning	100%
	Tobacco Warehouse & Export Company (1946) Limited	Property Owning	99.9%
	Bak Storage (Private) Limited	Property Owning	100%
	Propak (Private) Limited	Property Owning	100%
LOGISTICS	**Bak Logistics (Private) Limited**	General and specialised warehousing, inland port services, distribution and transport, freight forwarding and customs clearing	99.9%
	Car Rental Services (Private) Limited – Avis	Rental of motor vehicles	100%
AGRICULTURE	**Chemco Holdings (Private) Limited**	Administrative services	100%
	Agricura (Private) Limited	Retailing of agricultural inputs and hardware. Importation, formulation and supply of crop and livestock protection chemicals.	67.5%
	Tobacco Sales Floor Limited	Auctioning of tobacco	100%
	Propak Hessian (Private) Limited	Supply of tobacco hessian wraps and paper	100%
	Chimayo Investments (Private) Limited	Production of agricultural commodities	100%
	TSL Trading (Private) Limited	Retailing of agricultural inputs and hardware	100%
SERVICES	**Tobacco Sales Administration Services (Private) Limited**	Treasury and administrative services	100%
	TSL (Mauritius) Limited	Treasury and administrative services	100%
	INVESTMENTS		
INVESTMENTS	**Nampak Zimbabwe Limited**	Manufacture and supply of paper, plastic and metal packaging solutions	16.53%
	Cut Rag Processors (Private) Limited	Manufacture of cut rag and cigarettes	30%

DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS

Chairman	A S Mandiwanza	
Chief Executive Officer	W Matsaira	Executive Director
Chief Finance Officer	D Odoteye	Executive Director
	P Mujaya	Executive Director
	B Ndebele	
	P Shah	
	K Naik	
	R Costa	
	H Rudland	
	N Swanepoel	
	M Nzwere	

FINANCE AND RISK COMMITTEE

Chairman	B Ndebele
	R Costa
	P Shah
	M Nzwere

REMUNERATION COMMITTEE

Chairman	A S Mandiwanza
	K Naik
	W Matsaira
	D Odoteye
	M Nzwere

INVESTMENT COMMITTEE

Chairman	B Ndebele
	K Naik
	H Rudland
	N Swanepoel

MANAGEMENT

W Matsaira	Chief Executive Officer
D Odoteye	Chief Finance Officer
P Mujaya	Executive Director

SECRETARIES	Tobacco Sales Administration Services (Private) Limited	P O Box 66043 Kopje Harare
TRANSFER SECRETARIES	Corpserve (Private) Limited	P O Box 2208 Harare
REGISTERED OFFICE	28 Simon Mazorodze Road Southerton Harare	Telephone: 754666/7 Fax: 754673 email: admin@tsl.co.zw
PRINCIPAL BANKERS	Barclays Bank of Zimbabwe Limited	Birmingham Road Branch
AUDITORS	Ernst & Young Chartered Accountants (Zimbabwe) (Registered Public Auditors)	Angwa City Cnr Julius Nyerere Way/ Kwame Nkrumah Avenue P O Box 62 Harare

GROUP MANAGEMENT

Cluster	Company	Management
REAL ESTATE	**TSL Properties Limited Group**	T Dinga
LOGISTICS	**Head of cluster**	**G Argyros**
	Bak Logistics (Private) Limited	G Argyros
	Premier Forklift Services (Division)	P Svikiro
	Key Logistics (Division)	C Hambury
	Car Rental Services (Private) Limited – Avis	B Sande (Mrs)
AGRICULTURE	**Head of cluster**	**P Mujaya**
	Agricura (Private) Limited	S Gutura
	Tobacco Sales Floor Limited	M Machingaidze (Mrs)
	Propak Hessian (Private) Limited	M Machingaidze (Mrs)
	Chimayo Investments (Private) Limited	D Whaley
SERVICES	**Tobacco Sales Administration Services (Private) Limited**	D Odoteye

CHAIRMAN'S STATEMENT & REVIEW OF OPERATIONS

REVIEW OF THE ECONOMIC ENVIRONMENT

The economic environment presented many challenges throughout the period under review with foreign currency shortages and low industrial activity having the biggest impact on our businesses. Favourable rainfall patterns gave a boost to the production of cereal crops while dam levels were raised significantly, improving the prospects for increased irrigation countrywide. Tobacco volumes were however impacted adversely by the incessant rains received in some parts of the country, resulting in a 7% drop in national output to 189 million kgs. Meanwhile, the average national tobacco price firmed marginally to $ 2.96/kg from $ 2.95/kg.

PERFORMANCE OVERVIEW

Against this backdrop, the Group has posted a positive set of results for the year ended 31 October 2017. Revenues were up 7% to $ 50.6 million and operating profit increased by 24% to $ 7 million. Profit before tax, at $ 6.4 million was 70% higher than prior year. This increase was 50% before taking into account a $ 0.5 million reduction in fair value of biological assets, in the prior year, as a consequence of the new requirements of International Accounting Standards, as explained in note 14.

The agriculture cluster performed commendably well with turnover up by 37% and profitability up significantly on prior year. All the units in the cluster have contributed positively, with Agricura posting very strong results.

The logistics cluster performed below prior year, both at the top line and profit level. The subdued performance is largely as a result of the low volumes of goods moved across borders and within the country.

The real estate cluster was impacted by an increase in the stock of unoccupied industrial buildings which were again a consequence of the difficult economic environment.

Overall Group performance was solid, reflecting the strength in the diversity of the Group's operations.

In the light of the operating environment, the group deliberately reduced its cash holding, investing in the early procurement of inventories for the coming summer season and using internal resources to fund the first phase of the Vorstermans development project. The Group will seek to continue improving its cash generation and reserves and carefully control its financial commitments.

Agricultural Operations

Tobacco related services

Tobacco Sales Floor retained its dominant position in the auctioning of the independent crop with market share holding at over 60%. Meanwhile, volumes handled for merchants increased significantly. The overall volume growth over prior year reflects the expansion of the client base.

The impact of the new business model introduced in the prior year at Propak Hessian has now been fully embedded and previous challenges of counterfeit wraps contained. Volume uptake of hessian, meanwhile, grew by 11% as new merchant business was also acquired.

Agricultural trading

The business recorded strong growth in both turnover and profitability resulting from the favourable rainfall season and the expansion of our distribution footprint.

Our investment in agronomy support to farmers during the past year has also begun to contribute positively to performance.

Agricultural commodity production

The farming operations were marginally profitable with satisfactory yields being achieved for commercial maize, seed maize and soyas. The incessant rains received during the latter part of the season had an impact on yields and quality of the tobacco crop. The overall returns from tobacco were, however, in line with national averages.

Logistics Operations

End to end logistics services

Bak Logistics was adversely affected by low volumes in its general cargo, inland ports and distribution divisions. New contracts have been signed with shipping lines and these should translate into incremental business in the coming years.

Delays in the movement of bulk commodities such as fertiliser, had a significant impact on the unit's revenues. These revenues, however, will go into the first quarter of the next financial year.

Premier Forklift recorded satisfactory growth resulting from increased new equipment sales. Demand for equipment hire also remained satisfactory.

Key Logistics, the freight forwarding unit, was adversely affected by border delays and indirectly impacted by foreign currency shortages which affected its customers. The unit did, however, still post satisfactory results.

Vehicle rental
Avis has remained profitable and management efforts have focused on cost containment.

Real Estate Operations

The performance of the cluster was satisfactory, especially in the light of the challenges of voids and margin compression which affected the sector as a whole.

Work on the first phase of the Group's Vorstermans development project is well advanced. This involved the erection of three new warehouses, the expansion of the container yard and construction of supporting road and drainage works.

It is envisaged that the next phase of this project will commence in the second half of the 2018 financial year.

Investments

Interest from potential buyers has been shown in the Group's investments which are held for sale and available for sale, namely Cut Rag Processors and Nampak Zimbabwe Limited respectively. Both these businesses remain profitable, and the values assigned to the investments by professional valuators are deemed appropriate.

OUTLOOK

The macroeconomic environment is widely expected to improve as the new national thrust is focused on the economy. The Group operates in sectors of the economy that are considered to be strategic and we therefore believe that there will be opportunities for significant growth in the medium term.

Agricultural Operations

Tobacco related services
We will continue to improve our auctioning processes to attract both independent and contract tobacco. The recently announced decentralisation of tobacco auctioning will require us to set up satellite floors in key tobacco areas and this work is now well advanced.

Following the successful launch of our new business model for hessian leasing, demand for hessian has risen and efforts in 2018 will be on ensuring that adequate foreign currency is secured to import the hessian needed.

Agricultural trading
We will continue to expand the distribution footprint and strengthen the agronomy support to both small scale and commercial farmers. The timely importation of agro chemicals will also be pursued, subject to foreign currency availability.

Agricultural commodity production
The 2018 cropping programme is similar to 2017 as it will focus on a mix of tobacco, commercial maize, seed maize and soyas. The banana fields have been expanded by new plantings on 25 hectares. It is envisaged that a portion of the banana crop will be exported. A trial run of horticulture for export markets will also be undertaken.

Logistics Operations

End to end logistics services
Significant progress has been made in securing new clients for Bak Logistics. The business is offering end-to-end logistics solutions to the market, and these include transport, storage, container handling, distribution, customs clearing and forklift services.

CHAIRMAN'S STATEMENT & REVIEW OF OPERATIONS

The Cluster is implementing a new Warehouse Management System (WMS) which is expected to significantly improve the quality and efficiency of handling services provided to clients.

Efforts to expand the logistics business into the region will continue as we grow our co-operation with international partners such as DB Schenker.

We continue to explore ways of supporting the current national effort to resuscitate the national rail system.

Premier forklifts will continue to expand its customer base beyond tobacco with focus on growing its market share in the mining sector.

Vehicle rental
The strategy for Avis will remain largely unchanged. The business will continue to position itself to satisfy demand created by increased tourist and foreign business travellers.

Real Estate Operations

During 2018, we will look to significantly progress the plans for a commercial and industrial complex at the Group's Vorstermans property.

We also expect to upgrade some key properties to bring them in line with international standards.

The Group's thrust will be growing the current businesses while looking for new opportunities that provide export revenues. The upgrading of our technology will also be an area of focus as will be the continuous development of our human capital base.

DIVIDEND

At their meeting held on 24 January 2018, the Directors declared a final dividend of US 0.45 cents per share payable in respect of all the ordinary shares of the Company. This dividend is in respect of the financial year ending 31 October 2017 and will be payable in full to all the shareholders of the Company registered at close of business on 9 March 2018.

The payment of this dividend will take place on or about 19 March 2018. The shares of the Company will be traded cum-dividend on the Stock Exchange up to the market day of 6 March 2018 and ex-dividend as from 7 March 2018. The Company's share register will be closed for the period 5 to 9 March 2018.

AS MANDIWANZA
CHAIRMAN

24 January 2018

CORPORATE GOVERNANCE

ETHICS

TSL Limited is committed to maintaining high moral and ethical standards within the Group. The decentralised philosophy under which subsidiaries operate, relies on the high integrity of their management. TSL Limited strives to provide accurate and meaningful information to its stakeholders.

DIRECTORATE

The Board of Directors of TSL Limited consists of eight non-executive members and three executive directors. The Chairmanship is held by a non-executive director. The Board meets regularly to review strategy, acquisition and disposal of assets and any material matters relating to the achievement of the Group's objectives. The Board is also responsible for monitoring the performance of the Group executive management. Consolidated management accounts are reviewed by the Board on a monthly basis in addition to an annual review of the Group budget. All Directors have access to the advice and services of the Company Secretary and where appropriate are at liberty to seek independent and professional advice at the Company's expense.

FINANCE AND RISK COMMITTEE

TSL Limited has an Finance and Risk Committee consisting of four non-executive directors, one of whom is the Chairman. The Committee meets at least three times per annum together with the TSL executive management, external and internal auditors. The Committee has written terms of reference which have been approved by the Board of Directors.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of three non-executive directors, the Group Chief Executive Officer and the Group Chief Finance Officer. The Committee meets regularly to determine the remuneration paid to executives within the Group.

INVESTMENT COMMITTEE

The Investment Committee is made up of four non-executive directors with the main function being to review and provide guidance on investment strategies. The Committee meets as and when there are investment proposals requiring board attention.

NOMINATIONS COMMITTEE

This is an adhoc Board committee chaired by a non-executive board member. Its main function is to review and make recommendations to the board on board and senior executive appointments. The committee meets as and when required.

INTERNAL CONTROL

The Board of Directors acknowledges its responsibility for maintaining and monitoring an effective system of financial controls. There is comprehensive management reporting disciplines in place which include the preparation of annual budgets. Monthly results are reported against approved budgets and revised estimates and compared to the previous year. Profit forecasts are updated regularly and working capital requirements and borrowings are monitored on an ongoing basis. The monitoring of internal control systems is carried out by the Group's Internal Audit department. Audit teams visit each operation regularly and their reports are reviewed by the Audit Committee. In addition, external auditors carry out their own system reviews and report where necessary to the Audit Committee.

DEFINITIONS

The following definitions relate to terms used in this report:

Average	Opening balance plus closing balance divided by two.
Operating Margin	Income from operations as a percentage of turnover.
Return on total assets	Income from operations as a percentage of average total assets.
Return on equity	Income attributable to shareholders as a percentage of average shareholders funds.
Current ratio	Ratio of current assets to current liabilities.
Interest cover	Income before taxation plus interest payable, divided by interest payable.
Price earnings ratio	Market price at year end divided by earnings per share.
Headline earnings	Net profit from ordinary activities adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.
Dividend cover	Earnings per share divided by dividend per share.
Capital employed	Shareholders' funds, non-controlling interest, long term liabilities, deferred income and deferred taxation.
Market capitalization	Share price at year end multiplied by number of shares in issue.
Net asset value per share	Shareholders' funds at end of year divided by number of shares in issue.
Return on Equity	Income after tax expressed as a percentage of average share capital and reserves for the year.
Equity	Share capital plus distributable and non-distributable reserves.
Dividend yield	Dividend per share as a percentage of market price at year end.
Financial Gearing ratio	Ratio of interest bearing debt and total shareholders' funds.

REPORT OF DIRECTORS

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 October 2017.

SHARE CAPITAL

The number of shares in issue remained unchanged at 357 102 445 ordinary shares.

RESERVES

The movement in the Group's reserves is shown in the Statement of Changes in Equity.

DIVIDENDS

The Directors have decided to declare a final dividend of US 0.45 cents (2016: US 0.3 cents) per share for the year ended 31 October 2017 after taking into consideration the Group profits for the year.

DIRECTORATE

Members will be asked to ratify the remuneration of the Directors for the past year at US$160,600 (2016: US$161,400) which had been budgeted at US$160,000. Members will be asked to fix the budget for the remuneration of Directors for the ensuing year amounting to US$160,000.

GOING CONCERN STATEMENT

The 2017 financial statements have been prepared on a going concern basis as the Directors are of the opinion the Group is a going concern.

By Order of the Board

Tobacco Sales Admnistration Services (Private) Limited
24 January 2018

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of TSL are responsible for the preparation and integrity of the financial statements and other information included in this annual report. The external auditors are responsible for independently auditing and reporting on these financial statements in accordance with International Standards on Auditing.

To fulfil their responsibilities, the Directors ensure that the Group maintains systems of internal control which are designed to provide reasonable assurance that the records accurately reflect the transactions of the Group to provide protection against serious misuse or loss of Group assets.

Regular meetings are held between management and internal and external auditors to review matters relating to internal financial controls, auditing and financial reporting. Our auditors also meet periodically with the Finance and Risk Committee of the Board of Directors to discuss these matters. The auditors have unrestricted access to the Finance and Risk Committee.

The financial statements were prepared by TSL Limited's Finance Department under the direction and supervision of the Chief Finance Officer, Mr Derek Nii-Odoi Odoteye (PAAB Number 877).

The financial statements for the year ended 31 October 2017, which appear on pages 20–73 have been approved by the Board of Directors on 24 January 2018 and are signed on its behalf by:

A.S. Mandiwanza
Chairman

W. Matsaira
Chief Executive Officer

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TSL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of TSL Limited and its subsidiaries ("the Group") set out on pages 20 to 73, which comprise the consolidated and company statements of financial position as at 31 October 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and company as at 31 October 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the matter</th></tr>
<tr><th colspan="2">Valuation of Properties</th></tr>
<tr><td>The Group measures investment properties and land and buildings that are part of property plant and equipment at fair value at each reporting date which is determined using the Income Capitalisation and Market Comparison valuation techniques. The valuation of properties is therefore subjective due to the required judgements which include determination of the capitalisation rates used and higher estimation uncertainty as a result of there being minimal market data arising from a subdued and depressed property market in Zimbabwe.

The valuation of properties was identified as a key audit matter due to the significant judgment involved as described above.

Management and directors engaged an external valuation expert to guide them in the determination of the fair value of its property portfolio.

As disclosed in “Note12”, “Note 13”, “Note 16.1” and “Note 16.2” to the consolidated financial statements, the Group uses the income capitalisation approach to determine the fair value of its industrial and commercial properties from which the following key inputs and assumptions are required:
‣ Rental rate per square metre
‣ Occupancy rate
‣ Capitalisation rate

Significant increases/decreases in estimated rental value and rental growth per annum when considered in isolation would result in a significantly higher or lower fair value of the properties.

The Group uses the market comparison approach for the valuation of land which largely depends on observable prices of comparable properties in the respective geographies.

The Group’s investment properties were valued at $36,255,860 while land and buildings were valued at $21,876,758 as at 31 October 2017.</td><td>Our audit procedures, in which we involved our own valuation specialists , included:
‣ Evaluation of whether the fair value models used to develop the estimates were consistent with prior years.
‣ Consideration of the assumptions used by management using guidance from the measurement principles in International Financial Reporting Standards (IFRS) 13 - Fair Value Measurement.
‣ Recalculation of data on which estimates were based and inspection of source documents in order to evaluate accuracy and completeness.
‣ Comparison of the values derived by making reference to other comparable properties within the market and economic information.
‣ Performance of sensitivity analyses on the key assumptions i.e. rental rate per square meter, occupancy rate and capitalisation rate used in the income capitalisation model.
‣ Discussions with management and the external valuers to obtain insights on the valuation inputs and assumptions and appreciate the basis for conclusions.
‣ Consideration of events occurring after reporting date for significant matters affecting the accounting estimate, such as changes in occupancy levels.
‣ Assessment of related disclosures in the financial statements in terms of the relevant accounting standards.</td></tr>
</table>

Recoverability of trade receivables	
The Group's trade and other receivables amounted to $8,989,383 (2016: $9,530,027). The increased liquidity constraints in the market have led to deterioration of disposable income and higher default rates. Some of the Group receivables had to be handed over to the Group's Debt Recovery Unit due to collection challenges experienced during the year. In addition to slower recovery from trade debtors, the Group faced challenges with respect to recovery of other debtor balances hence significant audit effort was employed to assess adequacy of allowances for such debtor balances. The determination of the allowance for credit losses was significant to our audit because it involved subjective judgement in determining the amount to be provided for each customer/debtor displaying indicators of possible default. It involved assessment of the aging profiles to determine recoverability of trade and other receivables which are past due but not impaired. As a result a significant amount of audit effort was employed to assess the adequacy of the allowance. The disclosures in relation to allowance for credit losses are included in "Note 18" to the consolidated financial statements.	Our procedures to evaluate the allowance for credit losses included: ‣ Discussion of the provisioning process with management and assessment of management's assumptions in light of the current economic environment. ‣ Re-computation of the allowance for credit losses taking into account specific circumstances unique to some debtors which include age of the debt outstanding, high value debtors and high risk debtors. ‣ Consideration of lawyers' representations regarding matters handled during the year to identify any matters that were indicative of balances that might not be recoverable in the future. ‣ Inspection of collateral and or payment plans by debtors or other evidence backing their willingness to discharge the obligation. ‣ Discussions with the Group's Debt Recovery Unit regarding progress made with reference to collection of specific receivables. Inspection of documents supporting the Unit's representations.

Valuation of Nampak investment	
The Group holds an investment in Nampak, which is listed on the Zimbabwe Stock Exchange. The fair value of the investment was determined by weighting the outcome of different valuation techniques namely Net Asset Value and Earnings Multiples, by an independent consultant, as opposed to using the quoted price. We have considered this to be a key audit matter due to the significant judgment exercised by management in motivating why the quoted price, 'the default valuation technique for quoted equities in line with International Financial Reporting Standards' does not present a fair value in an active market There is significant judgement in the determination of inputs such as discount rates (minority interest, market illiquidity), price earnings multiple (P/E multiple) and enterprise value to earnings before interest, tax, depreciation and amortisation multiple (EV/EBITDA multiple). The disclosures related to this investment are included in "Note 3" and "Note 16.4" of the consolidated financial statements.	Our procedures included: ‣ Analysis of management's valuation. Evaluation of whether the fair value models used by management to develop the estimates were consistent with prior years. ‣ Evaluation of the assumptions used by management using guidance from the measurement principles in International Financial Reporting Standard (IFRS) 13 – Fair value measurement. ‣ Evaluation of management's rationale on why an alternative valuation method was used. Assessment of the work performed by the independent consultant with a particular focus on the assumptions used in the valuation process. We involved valuation specialists to assist with evaluation of the key assumptions and methodologies.

Valuation of biological assets	
The Group held biological assets amounting to $499,429 as at 31 October 2017. The Group uses the discounted cash flow valuation technique to determine fair value of biological assets, this is therefore an area of significant judgment. The valuation models need to take into account numerous factors and judgements as well as use of unobservable inputs such as price per tonne of maize, tobacco and bananas and banana plantation forecast life span age, an appropriate discount factor and expected yield. The matter was of most significance as significant time was invested in determining appropriate adjustments taking into account the amendment to IAS 41 'Biological assets' and IAS 16 'Property, plant and equipment' relating to bearer plants (banana plant). The amendment became effective in current year and requires bearer plants to be accounted for under IAS 16 while the fruit on the plant is measured at fair value per IAS 41. The amendment requires full retrospective adjustment. The disclosures relating to biological assets are included in "Note 14" "Note 16.5" to the consolidated financial statements.	Our procedures included: ▸ Evaluation of management's assumptions by comparing to the requirements of International Financial Reporting Standards, specifically IAS 41 Agriculture. ▸ Re-calculation of the fair values using management's model. ▸ Comparison of the valuation model inputs to internal and external data. ▸ Consideration of the adjustments made in line with the amendments to IAS 41 and IAS 16 relating to measurement of the bearer plant and the fruits growing on the plant.

Other Information

Other Information consists of the Chairman's Statement and Review of Operations, Corporate Governance Report, Directors' Responsibility and Approval of Financial Statements and does not include the consolidated fina ncial statements and our auditor's report thereon. The directors are responsible for the Other Information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the Other Information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Consolidated Financial Statements

The Directors of TSL Limited are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In our opinion, the consolidated financial statements, have in all material respects, been properly prepared in compliance with the disclosure requirements of the Companies Act (Chapter 24:03)

The engagement partner on the audit resulting in this independent auditor's report is Mr. Fungai Kuipa (PAAB Practicing Certificate Number 335).

Ernst & Young

ERNST & YOUNG
CHARTERED ACCOUNTANTS (ZIMBABWE)
REGISTERED PUBLIC AUDITORS

HARARE

30 January 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 October 2017

	Notes	2017	Restated * 2016
		$	$
Revenue			
Sale of goods		19,934,649	13,797,494
Rendering of services		30,620,444	33,438,317
Total revenue		50,555,093	47,235,811
Cost of sales		(15,152,353)	(11,577,385)
Gross profit		35,402,740	35,658,426
Other operating income	5.1	3,097,072	2,496,702
Other operating expenses	5.2	(16,760,681)	(19,559,890)
Staff costs	6.1	(12,744,882)	(10,922,134)
Depreciation and amortisation	6.2	(1,992,233)	(2,039,220)
Operating profit		**7,002,016**	**5,633,884**
Fair value adjustments and impairments	6.3	623,209	(355,100)
Finance costs	5.3	(1,291,007)	(1,632,419)
Finance income	5.4	46,164	100,199
Profit before tax		**6,380,382**	**3,746,564**
Income tax expense	7	(1,537,132)	(975,013)
Profit for the year		**4,843,250**	**2,771,551**
Attributable to:			
Equity holders of the parent		4,258,642	2,933,311
Non-controlling interests		584,608	(161,760)
		4,843,250	**2,771,551**
Earnings per share :	8		
- Basic, profit for the year attributable to ordinary equity holders of the parent		0.012	0.008
- Diluted,profit for the year attributable to ordinary equity holders of the parent		0.012	0.008
- Headline earnings per share		0.011	0.010
- Diluted headline earnings per share		0.011	0.010

*Restatement as a result of change in accounting standards – refer note 14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 October 2017

	Notes	2017 $	Restated* 2016 $
Profit for the year		**4,843,250**	**2,771,551**
Other comprehensive income			
Other comprehensive income to be reclassified to profit in subsequent periods:			
Gain on Available-for-sale investment	9	3,140,368	1,279,396
Deferred tax	7	(31,404)	(12,794)
		3,108,964	**1,266,602**
Other comprehensive income not to be reclassified to profit in subsequent periods:			
Revaluation of property and bearer plants	12	871,801	889,159
Deferred tax	7	(224,489)	(228,958)
		647,312	**660,201**
Other comprehensive income for the year, net of tax		**3,756,276**	**1,926,803**
Total comprehensive income for the year, net of tax		**8,599,526**	**4,698,354**
Attributable to:			
Equity holders of the parent		7,986,680	4,811,107
Non-controlling interests		612,846	(112,753)
		8,599,526	**4,698,354**

*Restatement as a result of change in accounting standards – refer note 14.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 October 2017

	Notes	2017	Restated* 2016
Assets		**$**	**$**
Non-current assets			
Property, plant and equipment	12	34,143,300	32,042,757
Investment properties	13	36,255,860	35,165,556
Available for sale investment	9	10,040,368	6,900,000
Intangible assets	15	817,074	817,074
		81,256,602	**74,925,387**
Current assets			
Biological assets	14	499,429	781,401
Inventories	17	9,111,164	7,617,589
Trade and other receivables	18	8,989,383	9,530,027
Amounts due from former associate company		228,931	295,472
Inventory prepayments		2,741,275	865,519
Cash and short term deposits	19	2,309,674	3,267,629
		23,879,856	**22,357,637**
Held for sale investment	10	2,077,000	2,077,000
		25,956,856	**24,434,637**
Total assets		**107,213,458**	**99,360,024**
Equity and liabilities			
Equity			
Issued capital	20	3,571,023	3,571,023
Share premium	20	2,898,801	2,898,801
Non-distributable reserves	20.1	46,944,004	43,215,966
Retained earnings		26,042,724	22,855,388
Equity attributable to owners of the parent		**79,456,552**	**72,541,178**
Non-controlling interest		3,204,405	2,591,559
Total equity		**82,660,957**	**75,132,737**
Non-current liabilities			
Interest-bearing loans and borrowings	21	3,093,745	3,079,347
Deferred tax liabilities	7	7,686,202	7,776,178
		10,779,947	**10,855,525**
Current liabilities			
Trade and other payables	22	3,479,265	4,342,545
Interest-bearing loans and borrowings	21	8,558,571	8,462,125
Bank overdrafts	19	216,069	–
Provisions	22.1	451,098	268,068
Income tax payable		1,067,551	299,024
		13,772,554	**13,371,762**
Total liabilities		**24,552,501**	**24,227,287**
Total equity and liabilities		**107,213,458**	**99,360,024**

*Restatement as a result of change in accounting standards – refer note 14 .

A Mandiwanza
Chairman
24 January 2018

W Matsaira
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 October 2017

	Attributable to the equity holders of the parent						
	Issued capital $	Share premium $	Non-distributable reserves $	Retained earnings $	Total $	Non-controlling interest $	Total Equity $
As at 1 November 2016 (Restated*)	**3,571,023**	**2,898,801**	**43,215,966**	**22,855,388**	**72,541,178**	**2,591,559**	**75,132,737**
Profit for the year	–	–	–	4,258,642	4,258,642	584,608	4,843,250
Other comprehensive income	–	–	3,728,038	–	3,728,038	28,238	3,756,276
Total comprehensive income	–	–	3,728,038	4,258,642	7,986,680	612,846	8,599,526
Dividends (Note 23)	–	–	–	(1,071,306)	(1,071,306)	–	(1,071,306)
At 31 October 2017	**3,571,023**	**2,898,801**	**46,944,004**	**26,042,724**	**79,456,552**	**3,204,405**	**82,660,957**
As at 1 November 2015	**3,571,023**	**2,898,801**	**41,338,170**	**21,100,515**	**68,908,509**	**2,704,312**	**71,612,821**
Profit for the year (Restated*)	–	–	–	2,933,311	2,933,311	(161,760)	2,771,551
Other comprehensive income (Restated*)	–	–	1,877,796	–	1,877,796	49,007	1,926,803
Total comprehensive income	–	–	1,877,796	2,933,311	4,811,107	(112,753)	4,698,354
Dividends (Note 23)	–		–	(1,178,438)	(1,178,438)	–	(1,178,438)
At 31 October 2016 (Restated*)	**3,571,023**	**2,898,801**	**43,215,966**	**22,855,388**	**72,541,178**	**2,591,559**	**75,132,737**

*Restatement as a result of change in accounting standards – refer note 14.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 October 2017

	Notes	2017 $	Restated* 2016 $
Operating activities			
Profit before tax		6,380,382	3,746,564
Adjustments to reconcile profit before tax to net cash flows	26.1	3,842,074	3,843,651
Working capital adjustments:			
Decrease in trade and other receivables and prepayments		(1,335,112)	1,104,458
Decrease/(increase) in inventories and biological assets		(2,378,995)	(580,169)
Decrease in trade and other payables		(863,280)	(821,702)
		5,645,069	**7,292,802**
Interest received		46,164	100,199
Interest paid	26.2	(1,291,007)	(1,632,419)
Income tax paid		(1,114,474)	(1,166,621)
Dividend received from investment		300,000	720,211
Net cash flows from operating activities		**3,585,752**	**5,314,172**
Investing activities			
Purchase of property, plant and equipment	26.4	(4,109,179)	(2,471,001)
Proceeds from sale of property, plant and equipment		243,324	587,148
Repayment of loan by former associate		66,541	353,465
Net cash used in investing activities		**(3,799,314)**	**(1,530,388)**
Financing activities			
Net movement in loans and borrowings	26.3	110,844	(1,500,302)
Dividend paid – equity holders of parent		(1,071,306)	(1,178,438)
Net cash flows used in financing activities		**(960,462)**	**(2,678,740)**
Net (decrease)/increase in cash and cash equivalents		(1,174,024)	1,105,044
Cash and cash equivalents at 01 November		3,267,629	2,162,585
Cash and cash equivalents at 31 October	19	**2,093,605**	**3,267,629**

*Restatement as a result of change in accounting standards – refer note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2017

1. Corporate information

The consolidated financial statements of the Group for the year ended 31 October 2017 were authorised for issue in accordance with a resolution of the directors on 24 January 2018. The Group is a limited company incorporated and domiciled in Zimbabwe whose shares are publicly traded. The registered office is located at 28 Simon Mazorodze Road, Southerton, Harare.

The principal activities of the Group are described in Note 11.

2. Basis of preparation

The consolidated financial statements are prepared in accordance with the going concern and historical cost basis except where otherwise indicated. The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in United States Dollar (US$) and all values are rounded to the nearest dollar except where otherwise stated.

2.1 Statement of compliance

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB).

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and investments as at 31 October 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

a) Derecognises the assets (including goodwill) and liabilities of the subsidiary
b) Derecognises the carrying amount of any non-controlling interests
c) Derecognises the cumulative translation differences recorded in equity
d) Recognises the fair value of the consideration received
e) Recognises the fair value of any investment retained
f) Recognises any surplus or deficit in profit or loss
g) Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would

be required if the Group had directly disposed of the related assets or liabilities

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 in profit or loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

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

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

b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Foreign currency translation

The Group's consolidated financial statements are presented in United States dollars (US$).

Each entity in the Group use the US Dollar as its functional and presentation currency and items included in the financial statements of each entity are measured using that currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Difference arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

d) Revenue and other income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

i) Sale of goods

The Group generates revenue from the sale of agricultural inputs and commodities. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

ii) Rendering of services

The Group renders tobacco auctioning services and total logistics solutions. Revenue from rendering of services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

iii) Interest income

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

iv) Dividend income

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

v) Rental income

Rental income receivable from operating leases except for contingent rental income which is recognised when it arises, is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Incentive for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when the right to receive them arises.

e) Taxes

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Valued added tax
Revenues, expenses and assets are recognised net of the amount of value added tax, except:

a) Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

b) Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

f) Property, plant and equipment
Plant, equipment and motor vehicles are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant, equipment and motor vehicles and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant, equipment and motor vehicles are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Bearer plants are initially measured at cost, and revalued subsequent to the date of initial recognition. The bearer plants comprise of mature banana plantations. Immature crops, including the cost incurred for procurement of new seeds and maintenance of nurseries, are carried at cost less any recognized impairment losses under capital work-in-progress. Cost includes the cost of land preparation, new planting, fertilizing, maintenance of newly planted bushes for a period of one year until maturity. On maturity (i.e; when the bearer plants are ready for their intended use), these costs are classified under bearer plants. Depreciation of bearer plants commence when they are ready for their intended use. Depreciation on bearer plants is recognised so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the bearer plants has been determined to be 20-30 years. On transition to IAS 16, the group has elected to measure bearer plants at fair value as of 1 November 2016 (transition date) and use the fair value as deemed cost.

Any revaluation surplus is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

❖ Buildings	40 – 50 years
❖ Plant and equipment	3 – 25 years
❖ Vehicles and mobile equipment	3 – 5 years
❖ Bearer plants	5- 30 years

No depreciation is charged on freehold land and capital work in progress.

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

g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined , based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Contingent rents are recognised as revenue in the period in which they are earned.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Investment properties

Investment property comprises completed property and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating as intended by management. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

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

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Research and development costs

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

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale
b) Its intention to complete and its ability to use or sell the asset
c) How the asset will generate future economic benefits
d) The availability of resources to complete the asset
e) The ability to measure reliably the expenditure during development
f) The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually. The Group's intangible assets are amortised over their useful lives as follows:

❖ Patents 3 years.

k) Fair value measurement

The Group measures financial instruments such as available for sale financial assets and non-financial assets such as investment properties, biological assets and land and buildings, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

❖ Property, plant and equipment under revaluation model Note 12
❖ Investment properties Note 13
❖ Available for sale financial instruments Note 9
❖ Biological assets Note 14

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

l) Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs at acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, and available-for-sale investments.

Subsequent measurement

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

Loans and receivables

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

Available for Sale investments

The Available For Sale ("AFS") financial asset is an equity investment. The equity investment classified as AFS has neither been classified as held for trading nor designated as at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised in other operating income. If the investment is determined to be impaired, the cummulative loss is reclassified from AFS reserve to profit or loss.

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available for Sale investments

For Available for Sale financial assets, the Group reasseses at each reporting date whether there is objective evidence that an investment is impaired. In the case of equity investments objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the invesment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cummulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that invesment previously recognised in the statement of comprehensive income.

Impairment losses on equity investments are not reversed through profit or loss; increases in their fair values after impairment are recognised in OCI.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

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

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

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

iii) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

m) Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials:
Purchase cost on a first in, first out basis.

Finished goods and work in progress:
Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n) Impairment of non-financial assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset

or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually (as at 31 October) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

o) Cash and short-term deposits

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

p) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. Share options exercised during the reporting period are satisfied with treasury shares.

q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

r) Pensions and other post employment benefits
The Group operates defined contribution pension plans, which require contributions to be made to separately administered funds.

Retirement benefits
Retirement benefits are provided for eligible Group employees through various independently administered defined contribution schemes, including the National Social Security Authority.

Defined contribution plans
Contributions to these funds are recognised as an expense in the period to which employees' service relate.

s) Biological assets
The Group's biological assets relate to growing crops which comprise maize, tobacco, soya beans and banana fruit. The Group recognises a biological asset or agricultural produce when, and only when it controls the assets as a result of past events, it is probable that future economic benefits associated with the asset will flow to the entity and the fair value or cost of the asset can be measured reliably.

A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.Agricultural produce harvested from the Group's biological assets are measured at fair value less costs to sell at the point of harvest.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises. A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell shall be included in profit or loss for the period in which it arises.

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

2.4 Changes in accounting policy and disclosures
The accounting policies adopted are consistent with those of the previous year. The Group has adopted the change in IAS 16 'Property, plant and equipment" and IAS 41 "Agriculture" as a result of the changes in the standards effective 1 November 2016 (Note 14).

3. Significant accounting judgments, estimates and assumptions

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

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

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

Classification of investment property
Investment properties consist of land and buildings that are let out to clients for purpose of earning rentals. In some circumstances the leasing arrangement involves provision of ancillary services. These come in the form of handling and administration. Where these ancillary services are considered to be significant, the assets are classified as property, plant and equipment. The ancillary services significance is determined based on value of service to the client and significance to the Group in comparison to total revenue derived from the lease arrangement.

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

Revaluation of property, plant and equipment and investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the income statement. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair values of the properties were based on valuations performed by Dawn Property Consultancy (Private) Limited, an accredited independent valuer. Dawn Property Consultancy, a professional valuer determined the fair values of investment properties based on comparable market prices adjusted for specific market factors such as nature, location and condition of the property. For investment properties where there is no comparable market prices, the directors used a valuation methodology based on a capitalisation model.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties, land and buildings are further explained in Note 13 and Note 12 respectively.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Refer to note 12 for the carrying amount of property, plant and equipment and note 15 for the carrying amount of intangible assets and related impairment disclosures.

Fair valuation of Available for Sale investment
The Group carries its Available for Sale investments at fair value with unrealised gains or losses recognised in OCI and credited in the Available for Sale reserve. The Group's directors assessed fair value as at 31 October 2017 and determined fair value using an independent valuation. The directors determined that the Zimbabwe Stock Exchange, where the equity investment are listed, did not meet the criteria of being an active market for purposes of the valuation of the investment. The key assumptions used to determine the fair value are explained on Note 16.4

Fair valuation of Biological assets
Biological assets comprise of growing crops. At initial recognition, biological assets are valued at fair value. Fair value of the biological assets is determined by reference to the average theoretical life span of crops and the prevailing market prices. The crops are evaluated in terms of their respective life span at the reporting date On that basis, an indicative value is established using the prevailing local and international market prices for the respective products. A discount factor of 9% per annum has been used. This discount factor has

been derived from the weighted average cost of capital (WACC) using the Gordon Growth Model. Fair value movements of the biological assets are recognized in profit or loss. The key assumptions used to determine the fair value are explained on Note 16.5.

4. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of those standards and interpretations issued that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments.
Classification and measurement of financial assets
Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.

There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

Classification and measurement of financial liabilities
For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment
The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, and contract assets under IFRS 15 Revenue from Contracts with Customers and lease receivables under IAS 17 Leases or IFRS 16 Leases. Entities are generally required to recognise 12-month ECL on initial recognition (or when the commitment or guarantee was entered into) and thereafter as long as there is no significant deterioration in credit risk. However, if there has been a significant increase in credit risk on an individual or collective basis, then entities are required to recognise lifetime ECL. For trade receivables, a simplified approach may be applied whereby the lifetime ECL are always recognised.

Hedge accounting
Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative.

A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable.

The time value of an option, any forward element of a forward contract and any foreign currency basis spread can be excluded from the hedging instrument designation and can be accounted for as costs of hedging.

This standard is effective for annual periods beginning on or after 1 January 2018 and the Group is still assessing the impact of this change on the Group financial statements.

IFRS 15 Revenue from Contracts with Customers

Key requirements
IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real

Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17 (or IFRS 16 Leases, once applied). Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage.

The Group is still assessing the impact of this standard on the Group financial statements. The amendment is effective 1 January 2018.

IFRS 16 Leases

Effective for annual periods beginning on or after 1 January 2019.

Key requirements

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

A preliminary assessment indicates that there are arrangements that will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of these leases unless they qualify for low value or short-term leases upon application of IFRS 16. The new requirement to recognise a right-of-use asset and related lease liability is envisioned to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the directors are currently assessing the potential impact. It is not practicable to provide a reasonable estimate until the directors complete the review.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Scope

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

Key requirements

The interpretation specifically addresses the following:

- ❖ Whether an entity considers uncertain tax treatments separately.
- ❖ The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- ❖ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- ❖ How an entity considers changes in facts and circumstances an entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The approach that better predicts the resolution of the uncertainty should be followed.

The directors have made a preliminary assessment of the application of this interpretation and do not envision any material impact on the consolidated financial statements of the Group. The amendment is effective 1 January 2019.

Transfers of Investment Property – Amendments to IAS 40

Key requirements

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Transition

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date.

Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight.

The amendments are effective from 1 January 2018 and the Group does not anticipate a material impact on its financial statements

Improvement to International Financial Reporting Standards

IAS 28 Investments in Associates and Joint Ventures

Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice

The amendments clarify that: An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which

(a) the investment entity associate or joint venture is initially recognised;
(b) the associate or joint venture becomes an investment entity; and
(c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. This does not have a material impact on the Group financial statements.

IFRS 12 Disclosure of Interests in Other Entities Clarification of the scope of the disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments are effective from 1 January 2017 and must be applied retrospectively. This does not have an impact to the Group.

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in Note 26.3

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This interpretation is applicable for annual periods beginning on or after 1 January 2018, with earlier application permitted. Based on preliminary reviews, the standard will not have a material impact on the results as the Group has been applying the spot exchange rates in the manner articulated by the interpretation.

5 Other operating and finance income and expenses

5.1 Other operating income

	2017	2016
	$	$
Sundry revenue	2,458,252	1,766,390
Net (loss)/gain on disposal of property, plant and equipment and investment property	(111,180)	10,101
Dividend received from associate held for sale	750,000	720,211
	3,097,072	**2,496,702**

Sundry revenues mainly relates to sale of scrap materials.

5.2 Other operating expenses

	2017	2016
	$	$
Motor vehicles expenses	818,631	729,636
Repairs and maintenance	1,047,170	1,090,008
Sales and marketing	322,931	510,892
Direct overheads	9,263,673	11,297,549
General expenses	1,643,115	1,189,028
Administration expenses	3,665,161	4,742,777
Total other operating expenses	**16,760,681**	**19,559,890**

5.3 Finance costs

	2017	2016
	$	$
Interest on debts and borrowings	1,291,007	1,632,419

5.4 Finance income

	2017	2016
Interest received comprises:	$	$
Investments with banks during the year	46,164	100,199

6 Expenses and adjustments

6.1 Staff costs

	2017	2016
	$	$
Wages and salaries	12,099,081	10,262,068
Social security costs	218,040	207,672
Pension costs (Note 24)	427,761	452,394
Total employee benefits expense	**12,744,882**	**10,922,134**

	2017	Restated 2016
	$	$
6.2 Depreciation and amortisation included in the consolidated statement of profit or loss		
Depreciation	1 992 233	2,039,220
Total	**1,992,233**	**2,039,220**
6.3 Fair value adjustments and impairments		
Fair value gain on investment property	556,604	952,268
Impairment of financial assets	–	(1,673,683)
Fair value gain on biological assets	66,605	189,315
Impairment reversal relating to held for sale investment	–	177,000
	623 209	**(355,100)**

7 Income tax

The major components of income tax expense for the years ended 31 October 2017 and 2016 are:

Consolidated income statement	2017	Restated 2016
	$	$
Current income tax:		
Current income tax charge	1,877,617	1,331,925
Withholding tax on interest income	5,384	4,851
Capital gains tax	–	1,150
Deferred tax:		
Relating to origination and reversal of temporary differences	(345,869)	(362,913)
Income tax expense reported in the income statement	1,537,132	975,013
Consolidated statement of other comprehensive income		
Deferred tax related to items credited directly to other comprehensive income:		
Deferred tax credit on revaluation of properties	186,788	97,413
Deferred tax on Bearer plants fair valuation (Note 14)	37,701	131,545
	224,489	228,958
Deferred tax on profit on mark to market of Nampak investment	31,404	12,794
Income tax charged directly to other comprehensive income	**255,893**	**241,752**

A reconciliation between tax expense and the product of accounting profit multiplied by TSL Limited's domestic tax rate for the years ended 31 October 2017 and 2016 is as follows:

	2017	Restated 2016
	$	$
Accounting profit before income tax	6,380,382	3,746,564
	6,380,384	**3,746,564**
At TSL's statutory income tax rate of 25.75% (2016: 25.75%)	1,642,949	964,740
Withholding tax on interest income	5,384	4,851
Capital gains tax	–	1,150
Prior year over provision	–	(285,333)
Deferred tax write off	–	254,244
Non deductible expenses for tax purposes	(111,201)	35,361
At the effective income tax rate of 24.09% (2016: 25.99%)	**1,537,132**	**975,013**

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position 2017	2016
	$	$
Property, plant and equipment	5,782,034	5,921,471
Investment properties	1,714,196	1,644,557
Biological assets	54,852	180,278
Exchange loss	(8,823)	–
Prepayments	57,985	39,472
Investments	204,254	172,850
Provisions	(118,296)	(182,450)
Net deferred tax liabilities	**7,686,202**	**7,776,178**
Deferred tax reconciliation net		
Opening balance	7,776,178	7,897,339
Deferred tax (credit)/charge-income statement	(345,869)	(362,913)
Deferred tax charge- statement of comprehensive income	255,893	241,752
Closing balance	**7,686,202**	**7,776,178**

There are no income tax consequences attached to the payment of dividends in either 2017 or 2016 by the Group to its shareholders. The group has some unexpired tax losses that have not been recognised in current year; $1,471,579 expire in 2023 and $826,074 expire in 2022.

8 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2017	Restated 2016
	$	$
Net profit attributable to ordinary equity holders of the parent for basic earnings	**4,258,642**	**2,933,311**
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**4,258,642**	**2,933,311**

	2017	2016
Number of ordinary shares at the beginning of the year	357 102 445	357,102,445
Weighted impact of issue of shares during the year	–	–
Weighted average number of ordinary shares	**357,102,445**	**357,102,445**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

	2017	2016
	$	$
Headline earnings per share		
Headline earnings per share are calculated by dividing headline earnings by the average weighted number of shares in issue		
Determination of headline earnings		
Basic earnings	4,258,642	2,933,311
Adjusted for :		
Loss/(profit) from disposal of property, plant and equipment	82,551	(7,500)
Fair value adjustments on investment property	(528,774)	(904,655)
Impairment of TSL Classic receivables	–	1,242,710
Fair value gain on biological assets	(49,454)	(140,566)
Fair value adjustment on investment held for sale	–	(168,150)
Headline earnings	**3,762,965**	**2,955,150**
Earnings per share :		
– Basic, profit for the year attributable to ordinary equity holders of the parent	0.012	0.008
– Diluted, profit for the year attributable to ordinary equity holders of the parent	0.012	0.008
– Headline earnings per share	0.011	0.010
– Diluted head line earnings per share	0.011	0.010

9 Available-for-sale investment

The Group owns a 16.53% stake in Nampak Zimbabwe Limited, a company with diverse packaging interests listed on the Zimbabwe Stock Exchange. The investment in Nampak has been valued at $10,040,370 (2016: $6,900,000)

The fair value of this investment is based on a valuation performed by Corporate Excellence Financial Advisory Services, an independent professional valuator.

	2017	2016
	$	$
Opening balance	6,900,000	5,620,604
Fair value adjustment	3,140,368	1,279,396
Closing balance	**10,040,368**	**6,900,000**

Refer to Note 16.4 for fair value disclosures.

10 Held for sale investment

6.1 Associate held for sale

The Group has a 30% interest in Cut Rag Processors (Private) Limited, which is involved in the manufacture of cut rag. The Group has classified this investment as held for sale with effect from 1 November 2014. The Group continues to hold this investement as held for sale and is actively seeking a buyer. The sale of this investment is anticipated to be concluded before the end of 2018 financial year. Completion of the disposal was delayed since management of Cutrag had opted for a managed liquidation process which has now been completed. A potential buyer has now been secured and negotiations are at an advanced stage.

The fair value of this investment is based on a valuation performed by Corporate Excellence Financial Advisory Services, an independent professional valuator and as at year end, this investment is not impaired.

	2017	2016
	$	$
Opening balance	2,077,000	2,077,000
Fair value at 31 October	**2,077,000**	**2,077,000**

The fair value less costs of disposal was determined using the valuation technique disclosed under note 16.3.

11 Segment information

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

a) The **Logistics cluster** offers end to end logistics services which include general and specialised warehousing and storage facilities, inland terminal and port services, transport, vehicle rental, distribution, customs clearing and freight forwarding

b) The **Agriculture cluster** is involved in the auctioning, packaging, production and retailing of agricultural commodities. The trading arm of the business focuses on the importation, formulation, supply and distribution of crop and livestock chemicals, other agricultural inputs and hardware.

c) The **Real estate cluster** is involved in the rental and development of industrial properties to both third parties and Group companies.

d) The **Services cluster** provides strategic direction, coordination of Group activities and shared services in finance and treasury, human resources, procurement and information technology to Group companies.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Executive Management Committee is the Chief Operating Decision Maker. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

However, group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year ended 31 October 2017	**Logistics 2017**	**Agri-culture 2017**	**Real Estate 2017**	**Services 2017**	**Conso-lidated 2017**
	$	**$**	**$**	**$**	**$**
Revenue from external customers	14,579,113	29,106,142	3,818,065	3,051,773	**50,555,093**
Results					
Depreciation, amortisation and impairment	825,508	748,912	294,576	123,237	**1,992,233**
Fair value adjustments and impairments	–	66,605	556,604	–	**623,209**
Segment profit	792,137	4,431,119	1,604,072	174,688	**7,002,016**
Operating assets	10,825,564	25,632,393	56,077,841	1,743,218	**94,279,016**
Operating liabilities	1,121,767	1,794,323	381,696	632,577	**3,930,363**
Other disclosures					
Investment held-for-sale				2,077,000	**2,077,000**
Available-for-sale investments	–	–	–	10,040,368	**10,040,368**
Capital expenditure	(1,523,640)	(1,186,821)	(1,333,818)	(64,900)	**(4,109,179)**

Inter-segment revenues, if any are eliminated on consolidation. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Year ended 31 October 2016 (Restated)	Logistics 2016 $	Agri-culture 2016 $	Real Estate 2016 $	Services 2016 $	Conso-lidated 2016 $
Revenue from external customers	18,081,016	21,195,631	4,719,919	3,239,245	47,235,811
Results					
Depreciation, amortisation and impairment	864,366	697,431	298,834	178,590	**2,039,221**
Fair value adjustments and impairments	–	189,315	952,268	(1,496,683)	**(355,100)**
Segment profit	**1,219,596**	**1,444,800**	**2,123,827**	**845,661**	**5,633,884**
Operating assets	**12,044,359**	**21,396,276**	**54,242,632**	**1,882,683**	**89,565,950**
Operating liabilities	**1,242,806**	**2,245,363**	**795,315**	**327,129**	**4,610,613**
Other disclosures					
Investment held-for-sale	–	–	–	2,077,000	**2,077,000**
Available-for-sale investment	–	–	–	6,900,000	**6,900,000**
Capital expenditure	(276,215)	(980,596)	(1,088,518)	(125,672)	**(2,471,001)**

Inter-segment revenues, if any are eliminated upon consolidation. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Adjustments and eliminations
Finance income and expenses are not allocated to individual segments as the underlying instruments are managed on a group basis. Capital expenditure consists of additions of property, plant and equipment, including assets from the acquisition of subsidiaries. Inter-segment revenues, if any, are eliminated on consolidation.

Reconciliation of profit	2017 $	Restated 2016 $
Segment profit	7,002,016	5,633,884
Fair value adjustments and impairments	623,209	(355,100)
Finance income	46,164	100,199
Finance costs	(1,291,007)	(1,632,419)
Taxation	(1,537,132)	(975,013)
Group profit	**4,843,250**	**2,771,551**

Reconciliation of assets	2017 $	2016 $
Segment operating assets	94,279,016	89,565,950
Available-for-sale investments	10,040,368	6,900,000
Held for sale investment	2,077,000	2,077,000
Intangible assets	817,074	817,074
Group operating assets	**107,213,458**	**99,360,024**

Reconciliation of liabilities	2017 $	2016 $
Segment operating liabilities	3,930,363	4,610,613
Deferred tax liabilities	7,686,202	7,776,178
Current tax payable	1,067,551	299,024
Interest bearing loans and borrowings	11,868,385	11,541,472
Group operating liabilities	**24,552,501**	**24,227,287**

Geographical information

The Group operates principally in Zimbabwe. There are no operations which occur outside Zimbabwe.

All the revenue information is based on the location of the customers. The Group does not generate revenue from a single customer that exceeds 10% of its total revenue.

12 Property, plant and equipment

	Freehold land and buildings	Plant & equip-ment	Motor Vehicles	Capital work in Progress	Bearer Plants	Total
Cost / Valuation						
As at 01 Nov 2016 (Restated)	**22,982,970**	**11,196,904**	**4,475,774**	**728,518**	**510,855**	**39,895,021**
Additions	50,034	1,388,941	860,698	1,676,385	–	**3,976,058**
Revaluation	725,389	–	–		146,412	**871,801**
Transfer to investment properties	–	–	–	(400,579)		**(400,579)**
Transfers*	(1,881,635)					**(1,881,635)**
Disposals	–	(310,089)	(563,143)	–	–	**(873,232)**
As at 31 October 2017	**21,876,758**	**12,275,756**	**4,773,329**	**2,004,324**	**657,267**	**41,587,434**
Accumulated depreciation						
As at 01 November 2016	**1,520,927**	**3,377,574**	**2,953,763**	**–**	**–**	**7,852,264**
Charge for the period	360,708	1,141,701	489,824	–	–	**1,992,233**
Disposals	–	(73,078)	(445,650)	–	–	**(518,728)**
Transfers*	(1,881,635)	–	–	–	–	**(1,881,635)**
As at 31 October 2017	**–**	**4,446,197**	**2,997,937**	**–**	**–**	**7,444,134**
Net book value						
As at 31 October 2017	**21,876,758**	**7,829,559**	**1,775,392**	**2,004,324**	**657,267**	**34,143,300**
Cost / valuation						
As at 01 November 2015	**22,555,387**	**10,102,399**	**5,150,845**	**322,422**	**–**	**38,131,053**
Additions	84,306	1,566,700	357,111	406,096	–	**2,414,213**
Revaluation (Note 14)	378,277	27	–	–	510,855	**889,159**
Disposals	(35,000)	(472,222)	(1,032,182)	–	–	**(1,539,404)**
As at 31 October 2016	**22,982,970**	**11,196,904**	**4,475,774**	**728,518**	**510,855**	**39,895,021**
Accumulated depreciation						
As at 01 November 2015	1,159,373	2,389,288	3,226,739	–	–	**6,775,400**
Charge for the period	361,554	1,076,130	601,536	–	–	**2,039,220**
Disposals	–	(87,844)	(874,512)	–	–	**(962,356)**
As at 31 October 2016	**1,520,927**	**3,377,574**	**2,953,763**	**–**	**–**	**7,852,264**
Net book value						
As at 31 October 2016 (Restated)	**21,462,043**	**7,819,330**	**1,522,011**	**728,518**	**510,855**	**32,042,757**

* This transfer relates to the accumulated depreciation as at the revalaution date that was eliminated against the gross carrying amount of the revalued asset.

Bearer plants

Bearer plants comprise of 28 hectares of banana plantations, 18 hectares have an estimated life of 5 years and 10 hectares were planted during the current year with an estimated life of 30 years. The bearer plants were transferred to property, plant and equipment in compliance with the new IAS 41 and IAS 16 requirements. The amendment requires that bearer plants be accounted for under IAS 16 "Property, plant and equipment" from IAS 41 "Agriculture". These banana plantations were recorded under Biological assets (Note 14) in prior year. The banana plantation met the definition of a bearer plant. Management opted for the revaluation model to measure the banana plantation. The gains or losses using this model are recorded as part of other comprehensive income.

Capital work in progress

Included in property, plant and equipment at 31 October 2017 was an amount of $1,920,613 (2016:$728,518) relating to expenditure for property and plant in the course of construction. An amount of $83,711 (2016:Nil) of immature banana plantations in also included under capital work in progress.

Capitalised borrowing costs

No borrowing costs were capitalised during the year ended 31 October 2017.

Revaluation of property, plant and equipment

The revalued land and buildings consist of properties in Zimbabwe. The Group's land and buildings consists of industrial and commercial properties in Zimbabwe. Fair value of the buidlings was determined by using the Income Capitalisation method. Fair value of the land was determined by using the market comperable method. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return) significantly adjusted for difference in the nature, location or condition of the specific property.

Bearer plants have also been revalued during the year.

As at 31 October 2017 and 31 October 2016, the fair values of the properties were based on valuations performed by Dawn Property Consultancy (Private) Limited, an accredited independent valuer. Dawn Property Consultancy (Private) Limited is a specialist in valuing these types of properties. "A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. Further IFRS 13 requirements have been disclosed on note 16."

Carrying values of property, plant and equipment that would have been recognised under the cost model:

	Freehold land and buildings	Bearer plants	Total
	$	$	$
At 31 October 2017	9,901,049	594,566	**10,495,615**
At 31 October 2016	10,211,723	510,855	**10,722,578**

13 Investment properties

Fair value	Freehold investment properties US$
At 01 November 2016	35,165,556
Additions (subsequent expenditure)	133,121
Transfer from property, plant and equipment	400,579
Net gain from fair value adjustment	556,604
At 31 October 2017	**36,255,860**
At 01 November 2015	**34,156,500**
Additions (subsequent expenditure)	56,788
Net gain from fair value adjustment	952,268
At 31 October 2016	**35,165,556**

As at 31 October 2017 $23,400,000 (2016:$22,600,000) of investment property was pledged as security for Group loan facilities. Refer to Note 21 for details of loan facilities.

Fair value of the investment properties was determined by using the Income Capitalisation method and market comparable method.

- Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return) significantly adjusted for difference in the nature, location or condition of the specific property.
- Under the market comparable method, valuations are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property.

As at 31 October 2017 and 31 October 2016, the fair values of the properties were based on valuations performed by Dawn Property Consultancy (Private) Limited, an accredited independent valuer. Dawn Property Consultancy (Private) Limited is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The current use of the investment properties has been evaluated as the highest and best use for the investment properties.

	2017 $	2016 $
Rental income derived from investment properties	2,212,602	3,538,566
Operating expenses (including repair and maintenance) on property generating rental income	(1,557,618)	(2,400,361)
Net profit arising from investment properties carried at fair value	**654,984**	**1,138,205**

The Group has no restrictions on the realisability of its investment property except for those pledged as security .There are no contractual obligations to either purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value disclosures for investment properties have been provided in Note 16.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2017

14 Biological assets

	2017	Restated* 2016
	$	$
Opening balance	781,401	1,409,765
Additions	2,140,353	3,029,006
Disposals	(2,488,930)	(3,846,685)
Bearer plants	–	510,855
Fair value adjustment-crops	66,605	189,315
Transfer to property, plant and equipment*	–	(510,855)
Closing balance	**499,429**	**781,401**
Current (due for sale/disposal within 12 months)	499,429	781,401

The Group's biological assets comprise of tobacco 141 hectares (2016: 141 hectares), maize 150 hectares (2016: 150 hectares) and bananas 28 hectares (2016: 18 hectares). At initial recognition, biological assets were valued at fair value. The tobacco and maize has a short life cycle of less than one year. Fair value of the biological assets is determined by reference to the average theoratical life span of crops and the prevailing market prices. Fair value adjustments recognised in biological assets of $66,605 have been recorded through profit and loss and $146,412 has been recognised in other comprehensive income. Changes in commodity prices risk is managed by regularly reviewing the local and foreign market to determine crops to grow and enter into offtaker arrangements. None of the biological assets have been pledged as security.

*The bearer plants were transferred to property, plant and equipment in compliance with the new IAS 41 and IAS 16 requirements. The amendment requires that bearer plants be accounted for under IAS 16 "Property, plant and equipment" from IAS 41 "Agriculture". The amendment changes the accounting requirement of biological assets that meet the definition of bearer plants. However, IAS 41 (fair value through profit or loss model) will still apply to any agricultural produce growing on the bearer plant. The banana plantation met the definition of a bearer plant. Management opted for the revaluation model to measure the banana plantation. The gains or losses using this model are recorded as part of other comprehensive income. IAS 41 requires retrospective application of the amendment in accordance with IAS 8 – "Accounting policies, Changes in Accounting Estimates and Errors", i.e. restating the previously published 2016 financial results.

The impact of the amendment has been shown below:

	2016
Statement of financial position:	**$**
Increase in property, plant and equipment	510,855
Decrease in non-current biological assets	(510,855)
Decrease in retained earnings	(379,310)
Increase in revaluation reserve	379,310
Statement of comprehensive income:	
Decrease in fair value adjustment	(510,855)
Decrease in tax expense (movement in deferred tax)	131,545
Increase in other comprehensive income	510,855
Increase in tax expense through other comprehensive income	(131,545)
Decrease in basic earnings per share (cents)	(0.002)
Decrease on diluted earnings per share (cents)	(0.002)

Refer to Note 16.5 for fair value disclosures.

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15 Intangible assets

	Goodwill	Patents	Total
Cost			
As at 01 November 2016	817,074	–	817,074
As at 31 October 2017	**817,074**	**–**	**817,074**
As at 01 November 2015	2,430,781	3,708	2,434,489
Amortisation and Impairment	(1,613,707)	(3,708)	(1,617,415)
As at 31 October 2016	**817,074**	**–**	**817,074**
Amortisation and Impairment			
As at 01 November 2016	**–**	**–**	**–**
Additions	–	–	–
Impairment (Note 6.2)	–	–	–
As at 31 October 2017	**–**	**–**	**–**
As at 01 November 2015	1,613,707	3,708	1,617,415
Amortisation (Note 6.2)	–	–	–
As at 31 October 2016	**–**	**–**	**–**
Net book value			
As at 31 October 2017	**817,074**	**–**	**817,074**
As at 31 October 2016	**817,074**	**–**	**817,074**

The goodwill relates to the acquisition of Guftainer (Private) Limited by Bak Logistis (Private) Limited, a subsidiary of TSL Limited during 2014 financial year, the acquisition of Key Logistics by Bak logistics during 2015 and the acquisition of Chimayo Investments (Private) Limited.

Impairment testing of goodwill and intangible assets with indefinite lives

The goodwill has been allocated to the Logistics cash generating unit (CGU). The Group performed its annual impairment test in October 2017 and 2016. The recoverable amount of the Logistics CGU as at 31 October 2017, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. It was concluded that the value in use exceeds the carrying amounts of the Logistics CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the gross margins, discount rates and growth rates.

Gross margins

The gross margins used in the calculation is based on the forecasts of the CGU for the next 6 years (2016: 7 years). The gross margins lie between 4% and 10% (2016: 4%-10%).

Discount rates

The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of debt of 9% per annum (2016: 9% per annum). The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Growth rate estimates

The growth rate is based on the CGU's financial forecast of 5% (2016: 5%) per annum for Logistics. A reasonable possible change in the above key assumptions would not result in impairment of the Logistics goodwill.

16 Fair values

The carrying value of financial assets and liabilities in the consolidated statement of financial position approximate their fair value.

16.1 Investment properties fair value disclosures

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;

		(Level 1)	(Level 2)	(Level 3)	Total gain/(loss) recorded in the income statement
		$	$	$	$
Land	31 October 2017	–	3,109,570	–	–
Buildings		–	–	33,146,290	556,604
Land	31 October 2016	–	3,953,000	–	–
Buildings		–	–	31,212,556	952,268

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 2 and level 3 of the fair value hierarchy amount to $556,604 (2016: $952,268) and are presented in the consolidated income statement in line items 'Fair value adjustments on investment properties'.

Valuation techniques used to determine fair values

The table below presents the following for each class of the investment property

- ❖ The fair value measurements at the end of the reporting period;
- ❖ The level of the fair value hierarchy (in this case Level 2 and 3) within which the fair value measurements are categorised in their entirety;
- ❖ A description of the valuation techniques applied;
- ❖ The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same buildings and ;
- ❖ Level 2 and level 3 fair value measurement, quantitative information about the significant unobservable inputs used in the fair value measurement

Class of property	Fair value at 31 October 2017	Fair value at 31 October 2016	Valuation technique	Key inputs	Range Weighted
Industrial Buildings	33,146,290	31,212,556	Income capitalisation	Rental per square meter	$1-$3(2016: $1.50-$5)
				Occupancy rate	72%-100% (2016: 72%-100%)
				Capitalisation rate	11%-12.5% (2016: 11%-12%)
Land	3,109,570	3,953,000	Market Comparable	Comparable properties transacted prices per square meter	

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy

An increase or decrease in the occupancy rate and rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's portfolios of investment property will result in an increase or decrease in fair value of investment property. An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

16.2 Property, plant and equipment fair value disclosures

Fair value hierachy:		**Level 1 $**	**Level 2 $**	**Level 3 $**
Land	31 October 2017	–	1,118,684	–
Buildings	31 October 2017	–	–	20,758,073
Land	31 October 2016	–	1,118,684	–
Buildings	31 October 2016	–	–	20,343,358

There have been no transfers between levels during the period.

Description of valuation techniques used and key inputs to valuation on property plant and equipment:

Class of property	Fair value at 31 October 2017	Fair value at 31 October 2016	Valuation technique	Key inputs	Range Weighted
Commercial Buildings	20,758,073	20,343,358	Income capitalisation	Rental per square meter	$4-$8 (2016:$4-$10)
				Capitalisation rate	2.6%-8% (2016:2.4%-7%)
Industrial buildings			Income capitalisation	Rental per square meter	$1-$3 (2016:$3.50-$5)
				Capitalisation rate	11%-13% (2016:11%-12%)
Land	1,118,684	1,118,684	Income capitalisation	Comparable properties transacted prices per square meter	-

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in all the rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's land and buildings will result in an increase or decrease in fair value of land and buildings. An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

16.3 Investment held for sale fair value disclosures

Fair value hierarchy:		Level 1	Level 2	Level 3	Total profit recorded in the income statement
		$	$	$	$
Investment held for sale	31 October 2017	–	–	2,077,000	–
Investment held for sale	31 October 2016	–	–	2,077,000	177,000

There have been no transfers between levels during the period.

Profit/(losses) recorded in profit or loss for fair value measurements categorised within level 3 of the fair value hierarchy amount to $Nil (2016: $177,000) and are presented in the consolidated income statement in the line items 'Fair value adjustments and impairments'. The investment was assessed for impairment based on a valuation performed by Corporate Excellence Financial Advisory Services as at 31 October 2017.

Description of valuation techniques used and key inputs to valuation of investment held for sale:

Class of financial asset	Fair value at 31 October 2017	Fair value at 31 October 2016	Valuation technique	Key unobservable inputs	Range Weighted
Investment held for sale	2,077,000	2,077,000	Liquidation/ break-up approach	Net asset value per share	$1,411 (2016:$1,205)
				Liquidation discount rate	0%-40% (2016:0%-40%)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in the net asset value per share used will result in an increase or decrease in fair value of held-for-sale investment. An increase or decrease in liquidation discount rate used will result in a decrease or increase in fair value of the held-for-sale investment.

16.4 Available-for-sale fair value disclosures

Fair value hierarchy:		**Level 1**	**Level 2**	**Level 3**	**Total Profit recorded in other compre-hensive income**
		$	**$**	**$**	**$**
Available-for-sale investment	31 October 2017	–	–	10,040,368	3,140,368
Available-for-sale investment	31 October 2016	–	–	6,900,000	1,279,396

There have been no transfers between levels during the period.

The fair value of the quoted equities was based on an independent valuation as at 31 October 2017 performed by Corporate Excellence Financial Advisory Services. The Zimbabwe Stock Exchange, on which Nampak Zimbabwe Limited is listed did not form an active market as far as the fair trade of the shares of Nampak Zimbabwe Limited are concerned in the year 2017. The market is inactive and does not have sufficient frequency or sufficient volumes of trade.

Description of valuation techniques used and key inputs to valuation of Available-for-sale investment:

Class of financial asset	Fair value at 31 October 2016	Fair value at 31 October 2015	Valuation technique	Key unobservable inputs	Range Weighted
Available-for-sale investment	10,040,368	6,900,000	Weighted valuation based on Earnings multiples and Net asset value	Minority discount	10%-15% (2016: 10%-15%)
				Market illiquidity	10%-15% (2016: 10%-15%)
				Enterprise value to earnings before interest, tax, depreciation and amortisation multiple (EV/EBITDA multiple).	5–8 times (2016: 3–8 times)
				Price earnings multiple	4–15 times (2016: 5–10 times)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in price earnings multiple used will result in an increase or decrease in fair value of Available-for-sale investment. An increase or decrease in minority discount used will result in a decrease or increase in fair value of the Available-for-sale investment.

16.5 Biological assets and bearer plants fair value hierarchy

		Level 1	Level 2	Level 3	Fair value gain
		$	$	$	$
Crops	31 October 2017	–	–	499 429	66,605
Banana plantation	31 October 2017	–	–	657 267	146,412
Crops	31 October 2016	–	–	781,401	189,315
Banana plantation	31 October 2016	–	–	510,855	510,855

Description of valuation techniques used and key inputs to valuation of Biological assets:

Type	Fair value at 31 October 2017	Fair value at 31 October 2016	Valuation technique	Key unobservable inputs	Range Weighted
Crops-Comprising of tobacco, maize and banana fruit	499,428	781,401	Discounted cash flow technique	Price per tonne-tobacco	\$2,500-\$3,500 (2016: \$2,500-\$3,500)
				Price per tonne – bananas	\$350-\$450 (2016: \$350-\$450)
				Price per tonne – maize	\$300-\$400(2016: \$200-\$300)
				Discounting factor	9% (2016:9%)
				Expected yield	90%-100% (2016: 90%-100%)
Banana plantations	657,267	510,855	Discounted cash flow technique	Forecast life span	5 years (2016:5 years)
				Discounting factor	9% (2016:9%)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
Significant increase/(decreases) in price per tonne in isolation would result in a sgnificantly higher or lower fair value measurement. Significant increase/(decreases) in expected yield in isolation would result in a sgnificantly higher or lower fair value measurement.

17 Inventories

	2017	2016
	\$	\$
Merchandise	2,161,435	1,436,565
Raw materials (at cost)	435,608	217,247
Work in progress (at cost)	53,757	22,085
Consumables	1,747,961	1,078,404
Finished goods (at cost or net realisable value)	4,712,403	4,863,288
Total inventories at the lower of cost and net realisable value	**9,111,164**	**7,617,589**

During 2017, \$141,730 (2016: \$164,663), was recognised as an allowance/expense for obsolete inventories carried at net realisable value. This is recognised in cost of sales. Inventory with cost of \$5,548,163 (2016: \$6,487,887) was sold during the year.

18 Trade and other receivables

	2017	2016
	\$	\$
Trade receivables	6,039,424	6,099,640
Other receivables	2,949,959	3,430,387
	8,989,383	**9,530,027**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 day. Other receivables are non-interest bearing and are generally on terms of 30 to 90 days term. Included in other receivables are prepayments, staff debtors and refunds due for Value Added Tax. The receivable from TSL Classic, a former associate of the Group is at an interest rate of 6% per annum and $80,000 (2016: $1,347,389) was impaired during the year. As at 31 October 2017, trade receivables of an initial value of $233,956 (2016: $231,581) were impaired. See below for the movements in the provision for impairment of trade receivables.

	Impaired
	$
At 1 November 2015	**707,353**
Charge for the year	231,581
At 31 October 2016	**938,934**
Utilised during the year	(175,337)
Charge for the year	233,956
At 31 October 2017	**997,553**

As at 31 October, the ageing analysis of trade receivables is as follows:

		Neither past	Past due but not impaired			
	Total	due nor impaired	30–60 days	61–90 days	91–120 days	> 120 days
	$	$	$	$	$	$
2017	**6,039,424**	3,078,438	772,136	248,692	159,631	1,780,526
2016	**6,099,640**	1,841,680	1,689,829	408,096	344,882	1,815,153

See Note 29 on credit risk of trade receivables ,which discusses how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired. The allowance for credit losses, which includes the allowance for trade and other receivables losses represents management's estimate of probable losses inherent in the Group's trading activities. The allowance for credit losses for trade and other receivables represents the estimated probable credit losses. Cash recovered on previously written down amounts are recorded as income in these accounts.

The Group performs periodic and systematic detailed reviews of its credit portfolio to identify credit risks and to assess the overall collectability of those positions. The allowances on certain homogeneous trade receivables which are generally identified with reference to nature of product or business model, is based on aggregated trade receivables balance. Loss forecast models are utilised in determining the credit losses, and these include, but not limited to, historical loss experience, estimated defaults or foreclosures based on trade receivables trend, deliquencies, economic conditions and credit scores.

These models are reviewed regularly to ensure the decisions are based on more recent information that is reflective of current environment.

19 Cash and short-term deposits

	2017	2016
	$	$
Cash at banks and on hand	2,309,674	3,267,629

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 October 2017, the Group had undrawn available loan facilities of $8,7million (2016: $NIL). The Group has pledged some of its properties in order to fulfil collateral requirements (Note 29).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 October:

	2017	2016
	$	$
Cash at banks and on hand	2,309,674	3,267,629
Bank overdrafts	(216,069)	–
Cash and cash equivalents	**2,093,605**	**3,267,629**

20 Issued capital and reserves

	2017	2016
Authorised shares	**Number**	**Number**
Ordinary shares of $0.01 each	600,000,000	600,000,000
Ordinary shares issued and fully paid	**Number**	**$**
01 November 2015	357,102,445	357,102,445
Issued during the year	–	–
At 31 October 2016	**357,102,445**	**357,102,445**
Issued during the year	–	–
At 31 October 2017	**357,102,445**	**357,102,445**

	2017	2016
Share premium	**$**	**$**
At 1 November	2,898,801	2,898,801
Increase due to issue of new shares	–	–
At 31 October	**2,898,801**	**2,898,801**
Unissued shares	**Number**	**$**
At 01 November 2015	**242,897,555**	242,897,555
Movement during the year	–	–
At 31 October 2016	**242,897,555**	**242,897,555**
Movement during the year	–	–
At 31 October 2017	**242,897,555**	**242,897,555**

The unissued shares, other than those under option are under the control of the directors for an indifinite period of time and are subject to the limitation of the Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange. The Group has 4 629 328 (2016: 4 609 477) treasury shares which are included in the issued share capital.

20.1 Non distributable reserves

Nature and purpose of reserves

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of land, buildings and bearer plants and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

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

Available for sale reserve
The asset revaluation reserve is used to record fluctuations in the fair value of assets available for sale and bearer plants.

Below is the movement in non-distributable reserves:

	Available for sale reserve	Asset revaluation reserve	Functional currency conversion reserve	Total
	$	$	$	$
As at 01 November 2015	**(1,320,280)**	**42,584,582**	**73,868**	**41,338,170**
Other comprehensive income	1,266,602	611,193	–	1,877,796
As at 31 October 2016 (Restated)	**(53,678)**	**43,195,775**	**73,868**	**43,215,966**
Other comprehensive income	3,108,966	619,073	–	3,728,039
As at 31 October 2017	**3,055,288**	**43,814,848**	**73,868**	**46,944,005**

21 Interest-bearing loans and borrowings

	Interest rate	Maturity	2017	2016
	%		$	$
21.1 Current				
Local interest bearing loans and borrowings	7%-10% (2016 :5%-12%)	2018	8,558,571	8,462,125
Total current interest-bearing loans and borrowings			**8,558,571**	**8,462,125**
21.2 Non-current				
Local interest bearing loans and borrowings	5%-10% (2016 :5%-12%)	2019-2020	3,093,745	3,079,347
Total non-current interest-bearing loans and borrowings			**3,093,745**	**3,079,347**

Secured loans
There is a negative pledge of assets in respect of overdrafts and bank borrowings. The Group has pledged part of its freehold property with a carrying amount of $30,6million (2016:$22,6 million) in order to fulfil the collateral requirements for the borrowings in place. The counterparties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

22 Trade and other payables

	2017	2016
	$	$
Trade payables	2,317,540	1,967,488
Other payables	1,161,725	2,375,057
	3,479,265	**4,342,545**

Terms and conditions of the above financial liabilities:

a) Trade payables are non-interest bearing and are normally settled on 60 to 90 day terms

b) Other payables are non-interest bearing and have an average term of six months. Other payables mainly consist of deposits from customers and accruals of statutory payments.

22.1 Provisions

	Shrinkage	Provision for Leave Pay	Gratuity gift	Royalties	Sundry Provisions	Total
At 01 November 2016	43,591	94,271	90,415	12,406	27,385	**268,068**
Utilised	–	(107,286)	(14,318)	–	(51,110)	**(172,714)**
Arising during the year	–	117,468	91,043	93,415	53,818	**355,744**
At 31 October 2017	**43,591**	**104,453**	**167,140**	**105,821**	**30,093**	**451,098**

	Shrinkage	Provision for Leave Pay	Gratuity gift	Royalties	Sundry Provisions	Total
At 01 November 2015	43,591	303,330	86,761	54,468	14,702	**502,852**
Utilised	–	(359,941)	(19,170)	(153,621)	(28,358)	**(561,090)**
Arising during the year	–	150,882	22,824	111,559	41,041	**326,306**
At 31 October 2016	**43,591**	**94,271**	**90,415**	**12,406**	**27,385**	**268,068**

Shrinkage

Shrinkage provision for customer goods in our warehouses is provided on the basis of potential pilferage and loss due to unforeseen events.The provision is based on the estimated loss based on the value of the goods so kept. The timings of the cash out-flows are by their nature uncertain.

Provision for leave pay

Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timings of the cash out-flows are by their nature uncertain.

Gratuity gift

Gratuity gift for employees is provided on the basis of estimated amounts to purchase gifts for retiring and performing employees. The timings of the cash out-flows are by their nature uncertain.

Royalties

Royalties are provided on the basis of revenue generated by Avis Rent a Car franchise to the international firm.

Sundry provisions

Sundry provisions mainly relate to provisons for commissions and insurance which are mainly short term.The timing of the cash out-flows are by their nature uncertain.

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23 Cash dividends on ordinary shares declared and paid:

	2017	2016
	$	$
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend for 2016:USD 0.3 cents per share (2015: US 0.33 cents)	1,071,306	1,178,438
Proposed for approval at the Annual General Meeting on 27 March 2018 (not recognised as a liability as at 31 October):		
Proposed dividends on ordinary shares:		
Final cash dividend for 2017:		
USD 0.45 cents per share (2016:0.3 cents per share)	1,606,961	1,071,307

Proposed dividend on ordinary shares are subject to approval at the Annual General Meeting on 27 March 2018 and are not recognised as a liability as at 31 October.

24 Pensions

All eligible employees are members of the following Group schemes:

24.1 Defined Contribution Plans

	2017	2016
	$	$
National social security contributions	238,796	318,698
Pension contributions	427,761	452,394
Group life assurance cover	68,012	112,037
Total	**734,569**	**883,129**

National Social Security Authority Scheme

This is a defined contribution scheme established under the National Social Security Authority Act (1989). Contributions by employers are 3% per month of pensionable monthly emoluments up to a maximum of US$700.

The TSL Scheme and The Chemco Scheme

All eligible employees are members of these schemes.

25 Share-based payment plans

The Group does not currently have any share based payment plans.

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26 Cash flow information

26.1 Adjustments to reconcile profit before tax to net cash flows:

	2017	2016
	$	$
Depreciation, amortisation and impairment of property, plant and equipment, investments and goodwill (Note 6.2)	1,992,233	2,039,220
Movement in provisions (Note 22.1)	355,744	326,306
Provisions for bad debts (Note 18)	233,956	231,581
Provision for obsolete and slow moving inventory (Note 17)	141,730	164,663
Fair value adjustments and impairments (Note 6.3)	(623,209)	355,100
Gain on disposal of property, plant and equipment (Note 5.1)	111,180	(10,101)
Finance income (Note 5.4)	(46,163)	(100,199)
Finance costs (Note 5.3)	1,291,009	1,632,421
Other non cash items	385,594	(795,340)
Total non-cash adjustments	**3,842,074**	**3,843,651**

26.2 Finance costs

	2017	2016
	$	$
Interest on debts and borrowings	1,291,007	1,632,419
Total finance costs	1,291,007	1,632,419

26.3 Movement in loans and borrowings

	2017	2016
	$	$
Opening balance	**11,541,472**	**13,041,774**
New loan amount received	9,000,000	6,500,000
Loan amount repaid during the year	(8,889,156)	(8,000,302)
Net movement	**110,844**	**(1,500,302)**
	11,652,316	**11,541,472**

26.4 Capital expenditure

	2017	2016
Property, plant and equipment (Note 12)		
Expanding operations	3,189,866	43,017
Maintaining operations	786,192	2,371,196
	3,976,058	2,414,213
Investment property (Note 13)	133,121	56,788
Net capital expenditure to maintain operating capacity	**4,109,179**	**2,471,001**

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27 Related party disclosures

The consolidated financial statements include the subsidiaries, associates and joint venture as listed in the following table:

Name	Nature of relationship	Country of incorporation	% equity interest 2017	% equity interest 2016
Agricura (Private) Limited*	Subsidiary	Zimbabwe	67.5%	67.5%
Bak Storage (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Car Rental Services (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Chemco Holdings Limited	Subsidiary	Zimbabwe	100%	100%
Cut Rag Processors (Private) Limited	Investee	Zimbabwe	30%	30%
Chimayo Investments (Private) Limited	Subsidiary	Zimbabwe	100%	100%
H.G.P .Vorstermans (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Bak Logistics (Private) Limited	Subsidiary	Zimbabwe	99.9%	99.9%
Propak (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Propak Hessian (Private) Limited	Subsidiary	Zimbabwe	100%	100%
TSL Trading (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Ridwyn (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Tobacco Sales Administration services (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Tobacco Sales Floor Limited	Subsidiary	Zimbabwe	100%	100%
Tobacco Warehouse and Export Company (1946) Limited	Subsidiary	Zimbabwe	99.9%	99.9%
Tobacco Producers Floor (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Southerton Properties (Private) Limited	Subsidiary	Zimbabwe	100%	100%
TSL (Mauritius) Limited	Subsidiary	Mauritius	100%	100%
TSL Properties Limited	Subsidiary	Zimbabwe	100%	100%

* Agricura (Private) Limited is a subsidiary of Chemco Holdings Limited. TSL Limited has an effective share holding of 67.5% (2016: 67.5%).

The ultimate parent
The Company is the ultimate parent based and listed in Zimbabwe.

Investments
Cut Rag Processors (Private) Limited
The Group has a 30% interest in Cut Rag Processors (Private) Limited (2016: 30%). The group received $300,000 in dividends from Cutrag in the current year. $450,000 dividend has been accrued in the current year. Propak Hessian (Private) Limited and Agricura (Private) Limited owe Cut Rag Processors (Private) Limited $78,089 and $47,681 respectively in fees.

Nampak Zimbabwe Limited
TSL Limited has an effective share holding of 16.53% in Nampak Zimbabwe Limited and Zimbabwe Stock Exchange listed entity.

Compensation of key management personnel of the Group

	2017 $	2016 $
Short-term employee benefits	865,548	839,761

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Generally the non-executive directors do not receive pension entitlements from the Group. Key management include executive directors and divisional management as outlined on page 6 of the annual report.

28 Commitments and contingencies

Finance Lease commitments

The Group does not have finance lease commitments

Operating lease commitments-Group as lessor

The Group has entered into leases on its property portfolio . The commercial property leases typically have lease terms of between one and five years and includes clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

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

	2,017	2,016
	$	$
Within one year	3,870,135	5,277,039
After one year but not more than five years	4,334,551	5,766,363
More than five years	4,890,701	5,939,354
	13,095,387	**16,982,756**

Capital commitments

At 31 October 2017, the Group had authorised but not contracted for capital commitments of $6,450,000 (2016: $2,053,500) relating to acquisition and construction of buildings and equipment.

29 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans, trade and other receivables, and cash and short-term deposits that arise directly from its operations.

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

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance and Risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Finance and Risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits with banks.

The sensitivity analysis in the following sections relate to the position as at 31 October in 2017 and 2016.The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analysis , the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as 31 October 2017 and 2016.

Currency risk

Currency risk is the risk that the Group fails to secure foreign currency to import stocks. The Group, continuously liases with banks to utilise foreign currency generated by Group in exports.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group manages its interest rate risk by having a portfolio of fixed and variable rate loans and borrowings. Approved short term investments and funding instruments are at varying interest rates and mature within a year. To manage this, the Group's policy is to adopt a non-speculative approach to manage interest rate risk whilst maximising profit. The group 's exposure is limited as interest bearing financial assets and financial liabilities have fixed market related interest rates to maturity.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group's exposure to the risk is minimal as the majority of inputs are denominated in United States Dollars and are paid within a short space of time.

Exposures to exchange rate fluctuations and foreign loans are limited by the Group treasury policy and are monitored by a Finance and Risk committee. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date denominated in the South African Rand are as follows:

	2017	2016
	$	$
Cash balances	16,298	14,870
Accounts payables	13,328	3,448
Accounts receivables	10,897	–

Foreign currency sensitivity

The Group did not have significant balances in foreign currencies and hence there is no impact on the Group's profit before tax and equity.

Exchange rates applied

At 31 October :

	2017		2016	
Average rate to the US dollar	**Income statement**	**Statement of financial position**	**Income statement**	**Statement of financial position**
South African rand	14.09	14.13	13.05	13.74

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as disclosed in the Statement of Financial Position. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in similar jurisdictions but operate in diverse industries with largely independent markets.

Bank and cash deposit balances

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance and Risk committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's maximum exposure to credit risk is the carrying amount of the bank and cash deposit balances in the statement of financial position at 31 October 2017 and 2016.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group's policy is to generally borrow on a short term basis and that total borrowings are limited by clauses in the memorandum and articles of association of the Group companies. The Board also monitors the Group's exposure to interest rates on a quarterly basis.

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

Year ended 31 October 2017 :

	Less than 3 months	3 to 12 months	1 to 5 years	Total
Liabilities	**$**	**$**	**$**	**$**
Interest-bearing loans and borrowings	275,488	8,986,500	5,104,679	**14,366,667**
Trade and other payables	3,479,539	–	–	**3,479,539**
	3,755,027	**8,986,500**	**5,104,679**	**17,846,206**

Year ended 31 October 2016:

	Less than 3 months	3 to 12 months	1 to 5 years	Total
	$	$	$	$
Interest-bearing loans and borrowings	760,567	7,874,843	3,356,488	**11,991,898**
Trade and other payables	4,342,540	–	–	**4,342,540**
	5,103,107	**7,874,843**	**3,356,488**	**16,334,438**

Capital management

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

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 October 2016 and 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 30% .The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes retained earnings , equity and other reserves.

	2017	2016
	$	$
Interest-bearing loans and borrowings (Note 15.1)	11,652,316	11,541,472
Trade and other payables (Note 25)	3,479,539	4,342,540
Less: cash and short-term deposits (Note 20)	(2,309,674)	(3,267,628)
Net debt	12,822,181	12,616,384
Equity	79,456,552	72,541,178
Total capital	79,456,552	72,541,178
Capital and net debt	**92,278,733**	**85,157,562**
Gearing ratio	14%	15%

Collateral

There is a pledge of assets in respect of overdrafts and bank borrowings. The counterparties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2017

30 Financial Information of the subsidiary that had a material non-controlling interest 2017 Agricura (Private) Limited

Principal place of business: Harare, Zimbabwe
Proportion of ownership interests held by non-controlling interests: 32.5%

Summarised Statement of Profit or Loss For the year ended 31 October 2017	2017	2016
	$	$
Revenue	9,144,485	4,770,009
Profit or (loss)	1,793,753	(505,938)
Total comprehensive income or (loss)	1,880,639	(355,147)
Profit or (loss) attributable to non-controlling interest	582,970	(161,760)
Other comprehensive income attributable to non-controlling interest	28,238	49,007
Summarised Statement of Financial Position As at 31 October 2017		
Current assets	7,543,140	4,570,385
Non-current assets	4,423,170	4,313,885
Current liabilities	3,275,050	1,501,172
Non-current liabilities	248,468	820,946
Accumulated non-controlling interest	2,743,907	2,132,700

31 Events after the reporting period

There were no reportable events after the reporting date.

32 Contingent liabilities

The group recognises that in its normal course of operations it is possible that differences in interpretation of tax laws and regulations may arise. The resolution of such differences may result in an obligation to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2017

33 Company statement of financial position

as at 31 October :	Notes	COMPANY 2017 $	2016 $
Assets			
Non-current assets			
Available for sale investment	9	10,040,368	6,900,000
Investment in subsidiaries	27	7,939,712	7,939,712
		17,980,080	**14,839,712**
Current assets			
Prepayments		418,026	210,730
Amounts due from former associate	18	228,931	295,472
Amounts due from subsidiaries	33a	2,630,352	4,020,624
Cash and short term deposits	33b	12,122	9,933
		3,289,431	**4,536,759**
Investment held for sale	10	2,077,000	2,077,000
Total assets		**23,346,511**	**21,453,471**
Equity and liabilities			
Equity			
Issued capital and share premium	20	6,469,824	6,469,824
Non-distributable reserves		4,605,910	1,465,904
Retained earnings		(1,295,620)	(648,256)
Total equity		**9,780,114**	**7,287,472**
Non-current liabilities			
Interest bearing loans and borrowings	33c	3,093,745	3,079,347
Current liabilities			
Short term loans and borrowings	33c	7,256,662	8,333,686
Amounts due to subsidiaries	33a	3,135,493	2,607,644
Accounts payables		80,497	145,322
		10,472,652	**11,086,652**
Total equity and liabilities		**23,346,511**	**21,453,471**

A Mandiwanza
Chairman
24 January 2018

W Matsaira
Chief Executive Officer

33a Amounts due from / to subsidiaries

	2017	2016
	$	$
Propak Hessian	(390,035)	(732,510)
Bak Logistics	1,847,645	1,847,645
TSF	(1,148,376)	(1,308,469)
Agricura	758,282	758,282
Avis	(174,417)	(16,750)
Chimayo	(477,217)	-
TSL Properties	24,425	(337,444)
TPF	(20,000)	(20,000)
TSAS	(457,436)	1,414,697
Premier Forklift	(468,013)	(192,472)
Total	(505,141)	1,412,979
Amounts due from subsidiaries	2,630,352	4,020,624
Amounts due to subsidiaries	(3,135,493)	(2,607,645)

33b Cash and short-term deposits

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

33c Short term loans and borrowings

	Interest rate	Maturity	2017	2016
	%		$	$
Current				
Local interest bearing loans and borrowings	9%-12% (2016 :9%-12%)	< 1 year	7,256,662	8,333,686
Non-current				
Local interest bearing loans and borrowings	11%-16% (2016 :11%-16%)	>1 year	3,093,745	3,079,347

Secured loans

There is a negative pledge of assets in respect of overdrafts and bank borrowings. The Group has pledged part of its freehold property with a carrying amount of $30.6 million (2016:$22,6 million) in order to fulfil the collateral requirements for the borrowings in place. The counterparties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

SHAREHOLDER ANALYSIS

for the year ended 31 October 2017

ANALYSIS BY VOLUME

VOLUME	NUMBER OF HOLDERS	%	SHARES HELD	%
1-5000	994	67.99	997,926	0.28
5001-10000	99	6.77	734,904	0.21
10001-25000	150	10.26	2,447,318	0.69
25001-50000	84	5.75	3,065,961	0.86
50001-100001	43	2.94	3,107,114	0.87
100001 and over	92	6.29	346,749,222	97.10
TOTALS	**1,462**	**100**	**357,102,445**	**100.00**

ANALYSIS BY INDUSTRY

INDUSTRY				
Local Companies	236	16.14	210,513,670	58.95
Pension Funds	125	8.55	55,233,837	15.47
Insurance Companies	10	0.68	50,116,944	14.03
Foreign Companies	01	0.07	27,333,218	7.65
Local Individual Resident	905	61.90	9,139,443	2.56
Foreign Individual Resident	02	0.14	96,188	0.03
Foreign Nominee	05	0.34	1,181,636	0.33
Local Nominee	74	5.06	2,431,430	0.68
Charitable and Trusts	14	0.96	330,288	0.09
Other Investments & Trusts	19	1.30	267,137	0.07
New Non Resident	32	2.19	199,888	0.06
Fund Managers	12	0.82	105,875	0.03
Deceased Estates	14	0.96	78,356	0.02
Banks	03	0.21	13,077	0.00
Unknown	10	0.68	61,458	0.02
TOTAL	**1,462**	**100**	**357,102,445**	**100**

At 31 October 2016
ANALYSIS BY VOLUME

VOLUME	NUMBER OF HOLDERS	%	SHARES HELD	%
1-5000	996	67.43	997,268	0.28
5001-10000	103	6.97	756,268	0.21
10001-25000	158	10.70	2,583,719	0.72
25001-50000	86	5.82	3,152,989	0.88
50001-100001	43	2.91	3,223,407	0.90
100001 and over	91	6.16	346,388,794	97.00
TOTALS	**1,477**	**100**	**357,102,445**	**100**

SHAREHOLDER ANALYSIS

for the year ended 31 October 2017

ANALYSIS BY INDUSTRY

INDUSTRY				
Local Companies	259	17.54	213,021,402	59.65
Pension Funds	124	8.40	54,346,053	15.22
Insurance Companies	12	0.81	49,977,670	14.00
Foreign Companies	1	0.07	27,333,218	7.65
Local Individual Resident	919	62.22	9,501,933	2.66
Other Investments & Trusts	8	0.54	1,284,066	0.36
Foreign Mominee	54	3.66	432,392	0.12
Local Miminee	22	1.49	393,070	0.11
Charitable and Trusts	12	0.81	357,968	0.10
Fund Managers	38	2.57	223,166	0.06
New Non Resident	14	0.95	167,530	0.05
Deceased Estates	11	0.74	58,620	0.02
Banks	3	0.20	5,357	0.00
TOTAL	**1,477**	**100**	**357,102,445**	**100**

Top ten shareholders of the company as at 31 October :

	2017 No. of Shares	%	2016 No. of Shares	%
Closefin Investments (Pvt) Ltd	101,347,798	28.38	101,003,102	28.28
Ramsway Investments (Pvt) Ltd	89,065,759	24.94	89,054,928	24.94
Old Miutual Lfe Assuarance Company	49,258,504	13.79	49,258,504	13.79
Pellston Investments Ltd NNR	27,333,218	7.65	27,333,218	7.65
Mining Industry Pesion Fund	18,206,859	5.10	18,206,859	5.10
National Social Security Authority (NPS)	10,484,706	2.94	10,484,706	2.94
Stanbic Nominees (Pvt) Ltd	8,024,505	2.25	4,598,304	1.29
Gentlemark Investments (Pvt) Ltd	7,326,085	2.05	7,326,085	2.05
National Social Security Authority (wcif)	4,986,509	1.40	4,833,021	1.35
TSL Limited	4,629,328	1.30	4,609,477	1.29
	320,663,271	**89.80**	**316,708,204**	**88.69**

ANALYSIS BY DOMICILE

	2017 NUMBER OF HOLDERS	2017 SHARES HELD	%	2016 NUMBER OF HOLDERS	2016 SHARES HELD	%
DOMICILE						
ZIMBABWE	1137	326,334,254	91.38	1,174	315,942,478	88.47
MAURITIUS	3	27,775,635	7.78	3	27,775,635	7.78
WARRANT NOT PRESENTABLE	278	2,667,944	0.75	268	13,165,203	3.69
UNKOWN	13	123,113	–	–	–	–
TURKEY	1	96,000	0.03	1	96,000	0.03
SOUTH AFRICA	11	33,756	0.01	12	34,303	0.01
UNITED KINGDOM	11	33,640	0.01	11	33,756	0.01
CAYMAN ISLANDS	1	13,000	0.00	2	19,177	0.01
NAMIBIA	1	12,480	0.00	1	13,000	0.00
ZAMBIA	2	10,188	0.00	1	12,480	0.00
AUSTRALIA	2	2,210	0.00	2	10,188	0.00
USA	2	225	0.00	2	225	0.00
TOTAL	**1,462**	**357,102,445**	**100**	**1,477**	**357,102,445**	**100**

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 31 October 2017

NOTICE IS HEREBY GIVEN that the Sixtieth Annual General Meeting of TSL Limited will be held at the TSL Limited Head Office, the registered office of the Company, at number 28 Simon Mazorodze Road, Southerton, Harare, Zimbabwe on Tuesday 27th March 2018 at 1200 hours for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To approve the minutes of the previous Annual General Meeting held on 15 March 2017.

2. To receive, consider and adopt the Financial Statements for the year ended 31 October 2017 together with the reports of the Directors' and Auditors thereon.

3. To elect directors who retire in terms of the Articles of Association of the company. The directors due to retire are Messrs K Naik, M Nzvere and T Ndebele and being eligible offer themselves for re-election.

4. To fix the budget for fees payable to directors for the year ending 31 October 2018 and to confirm the actual amount paid for the year ended 31 October 2017.

5. To approve the auditors' remuneration for the previous year and to re-appoint Messrs Ernst & Young Zimbabwe as auditors for the current year.

6. To transact any other business as may be transacted at an Annual General Meeting.

Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. Proxy forms should be forwarded to reach the office of the Transfer Secretaries, or the Group Company Secretary at least 48 hours before the commencement of the meeting. A proxy form is enclosed in the Annual Report for the convenience of any shareholder who may not be able to attend.

BY ORDER OF THE BOARD
D Odoteye
Company Secretary
24th JANUARY 2018

SHAREHOLDER'S DIARY

for the year ended 31 October 2017

Sixtieth Annual General Meeting	27 March 2018
Financial year end	31 October 2017
Interim reports	
6 months to 30 April 2018	
Interim dividend declaration	June 2018
12 months to 31 October 2018 and final dividend declaration	January 2019
Annual report published	February 2019

NOTES

for the year ended 31 October 2017

TSL
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Excellence Through Innovation