TSL LIMITED GROUP ABRIDGED REVIEWED RESULTS

FOR THE SIX MONTHS ENDED 30 APRIL 2020

SALIENT FEATURES

- Revenue up 19%.
- Profit from operations up 9%.
- Headline earnings per share up 1%.
- Six week delay in start of tobacco selling season.
- Financial position remains sound.
- Foreign currency exposures low. Gearing remains low.
- Property valuations to be done at year end.

The Directors of TSL Limited are pleased to announce the Group's reviewed results for the six months ended 30 April 2020

GROUP CONDENSED INFLATION ADJUSTED STATEMENT OF FINANCIAL POSITION

As at:	30 April 2020 Reviewed ZWL$	31 Oct 2019 Audited ZWL$	30 April 2019 Unaudited ZWL$
ASSETS			
Non-current assets			
Property, plant and equipment	647,848,699	629,979,457	359,996,137
Investment properties	568,824,838	568,859,330	332,188,930
Intangible assets	15,136,012	13,475,606	8,417,682
Right of use assets	34,698,105	-	-
	1,266,507,654	**1,212,314,393**	**700,602,749**
Current assets			
Biological assets	40,224,210	9,515,077	14,962,370
Inventories	216,807,662	180,026,419	104,739,138
Inventory prepayments	17,277,451	115,168,761	2,056,191
Trade and other receivables	150,253,104	208,301,216	147,691,186
Financial assets held-for-trading	8,294,354	11,311,746	28,279,037
Cash and bank balances	115,747,814	151,206,139	110,705,099
	548,604,595	**675,529,358**	**408,433,021**
Investment held-for-sale	-	-	56,406,867
Total assets	**1,815,112,249**	**1,887,843,751**	**1,165,442,637**
EQUITY AND LIABILITIES			
Equity			
Issued share capital and premium	82,696,688	82,696,688	56,000,717
Non-distributable reserves	95,462,907	83,713,330	385,280,560
Retained earnings	1,249,195,952	1,201,213,439	357,338,619
Attributable to equity holders of parent	**1,427,355,547**	**1,367,623,457**	**798,619,896**
Non-controlling interest.	84,764,194	74,335,142	38,618,643
Total equity	**1,512,119,741**	**1,441,958,599**	**837,238,539**
Non-current liabilities			
Interest bearing loans and borrowings	764,876	1,956,332	7,302,934
Deferred tax liabilities	78,529,559	185,812,203	59,544,767
Lease liability	15,256,594	-	-
	94,551,029	**187,768,535**	**66,847,701**
Current liabilities			
Interest bearing loans and borrowings.	29,795,277	41,123,190	116,696,412
Bank overdraft	25,621,993	12,358,573	9,313,510
Provisions	9,693,666	7,761,237	11,296,604
Trade and other payables	95,344,680	136,494,256	38,379,565
Advance received on investment disposal	-	-	57,003,582
Income tax payable	43,113,766	60,379,361	28,666,725
Lease liability	4,872,097	-	-
	208,441,479	258,116,617	261,356,397
Total equity and liabilities	**1,815,112,249**	**1,887,843,751**	**1,165,442,637**
Current ratio	2.6	2.6	1.6

GROUP CONDENSED INFLATION ADJUSTED STATEMENT OF COMPREHENSIVE INCOME

Six Months Ended:	Notes	30 April 2020 Reviewed ZWL$	30 April 2019 Unaudited ZWL$
Revenue		380,090,190	318,332,020
Profit from operations		**120,838,888**	**110,997,721**
Net exchange differences		9,504,149	31,772,659
Net monetary loss		(3,430,794)	-
Fair value adjustments and impairments		9,773,937	-
Net finance costs	9	(14,884,374)	(5,045,966)
Profit before tax		**121,801,806**	**137,724,414**
Income tax charge	10	(16,782,194)	(30,105,714)
Profit for the period		**105,019,612**	**107,618,700**
Attributable to:			
Equity holders of the parent		94,590,560	102,908,011
Non-controlling interest		10,429,052	4,710,689
		105,019,612	**107,618,700**
Number of shares in issue		357,102,445	357,102,445
Earnings per share (cents)		26.49	28.56
Diluted earnings per share (cents)		26.49	28.56
Headline earnings per share (cents)		29.87	29.43
Diluted Headline earnings per share (cents)		29.87	29.43
Other comprehensive income:			
To be reclassified to profit or loss in subsequent periods:			
Translation of a foreign subsidiary		9,593,748	-
Total other comprehensive income, net of tax		9,593,748	-
Total comprehensive income		**114,613,360**	**107,618,700**
Attributable to:			
Equity holders of the parent		104,184,308	102,908,011
Non-controlling interest		10,429,052	4,710,689
		114,613,360	**107,618,700**
Capital commitments - authorised but not contracted for		167,270,125	188,693,793
Depreciation on property, plant and equipment		35,060,402	11,294,639

GROUP CONDENSED INFLATION ADJUSTED STATEMENT OF CASH FLOWS

Six Months Ended:	30 April 2020 Reviewed ZWL$	30 April 2019 Unaudited ZWL$
OPERATING ACTIVITIES		
Profit before interest and tax	136,686,180	142,770,380
Non-cash adjustments to reconcile profit before tax to net cash flows	(52,390,128)	(17,273,081)
	84,296,052	**125,497,299**
Net decrease/(increase) in working capital	33,483,295	(62,478,090)
Operating cash flow	**117,779,347**	**63,019,209**
Net finance costs paid	(18,208,353)	(5,045,966)
Income tax paid	(34,047,787)	(15,918,364)
Net cash generated from operating activities	**65,523,207**	**42,054,879**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and investment properties	(52,857,465)	(30,075,462)
Proceeds on disposal of property, plant and equipment	1,134,356	1,128,354
Purchase of intangible assets	(707,937)	-
Advance received on investment disposal	-	57,003,581
Net cash (used in)/generated from investing activities	**(52,431,046)**	**28,056,473**
FINANCING ACTIVITIES		
Net (decrease)/increase in loans and borrowings	(16,068,190)	25,449,089
Dividends paid to equity holders of parent	(45,745,715)	(21,356,260)
Net cash (used in)/generated from financing activities	**(61,813,905)**	**4,092,829**
Net (decrease)/increase in cash and cash equivalents	**(48,721,744)**	**74,204,181**
Cash and cash equivalents at the beginning of the period	138,847,565	27,187,408
Cash and cash equivalents at the end of the period	**90,125,821**	**101,391,589**
Represented by:		
Cash and bank balances	115,747,814	110,705,099
Bank overdraft	(25,621,993)	(9,313,510)
	90,125,821	**101,391,589**

GROUP INFLATION ADJUSTED STATEMENT OF CHANGES IN EQUITY

	Issued share capital and premium	Non-distributable reserves	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
Balance at 1 November 2018	82,696,688	944,174	975,259,174	1,058,900,036	50,072,136	1,108,972,172
Effect of adopting IFRS 9	-	-	(12,679,971)	(12,679,971)	(284,820)	(12,964,791)
Profit for the period	-	-	269,246,380	269,246,380	24,479,870	293,726,250
Other comprehensive income	-	82,769,156	-	82,769,156	67,956	82,837,112
Total comprehensive income	-	82,769,156	269,246,380	352,015,536	24,547,826	376,563,362
Ordinary dividend	-	-	(30,612,144)	(30,612,144)	-	(30,612,144)
Balance at 31 October 2019	**82,696,688**	**83,713,330**	**1,201,213,439**	**1,367,623,457**	**74,335,142**	**1,441,958,599**
Profit for the period	-	-	94,590,560	94,590,560	10,429,052	105,019,612
Transfer between reserves	-	862,332	(862,332)	-	-	-
Employee share option expense	-	1,293,497	-	1,293,497	-	1,293,497
Other comprehensive income	-	9,593,748	-	9,593,748	-	9,593,748
Total comprehensive income	-	11,749,577	93,728,228	105,477,805	10,429,052	115,906,857
Ordinary dividend	-	-	(45,745,715)	(45,745,715)	-	(45,745,715)
Balance at 30 April 2020	**82,696,688**	**95,462,907**	**1,249,195,952**	**1,427,355,547**	**84,764,194**	**1,512,119,741**

NOTES TO THE FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 APRIL 2020

1. BASIS OF PREPARATION

These abridged consolidated financial results have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange listing requirements. International Accounting Standard 21 (Effects of changes in foreign exchange rates) has not been complied with. The Directors of TSL Limited are responsible for the preparation and fair presentation of these abridged Group financial results.

In 2016 the monetary authorities introduced the Bond note which was at par with the US$. On the 1st of October 2018 an Exchange Control Directive RT120/2018 was promulgated directing all banks to separate domestic and Nostro currency accounts. On the 22nd of February 2019 Statutory Instrument 32 of 2019 was issued as an amendment to the Reserve Bank of Zimbabwe Act and it introduced a new currency called the RTGS Dollar. Another Exchange Control Directive RU 28 of 2019 was issued at the same time and it introduced an interbank market for the RTGS Dollar and the USD as well as other currencies in the multi-currency regime. On June 24 2019 the government gazetted Statutory Instrument 142 of 2019 which outlawed the use of multi-currencies and compelled that local transactions be done in local currency (ZWL$). The Group followed the legal instruments and changed the functional currency on the 22nd of February 2019. The requirement to comply with Statutory Instrument 33(S133) of 2019 created inconsistencies with IAS 21 as well as the principles embedded in the IFRS Conceptual Framework. This has resulted in the adoption of accounting treatment in the Group's financial results which is at variance from that which would have been applied if the Group had been able to fully comply with IFRS. The Group adopted the exchange rate of 1:1 between the USD and ZWL for the period 1 October 2018 to 23 February 2019 and thereafter adopted the interbank exchange rates.

The Group adopted IAS 29 -"Financial Reporting in Hyper-Inflationary Economies" effective 1 October 2018 as proclaimed by the local accounting regulatory board, Public Accountants and Auditors Board "PAAB". The consolidated financial results have been prepared under the current cost basis as per the provisions of IAS 29. The Group used the price indices provided by Zimbabwe Statistical Office as reported on the Reserve Bank of Zimbabwe website. Below are the indices and adjustments factors up to 30 April 2020:

	Index	Conversion factor
CPI as at 30 April 2020	953.4	1.0
CPI as at 31 October 2019	402.9	2.37
CPI as at 30 April 2019	110.1	8.66

2. PRESENTATION AND FUNCTIONAL CURRENCY

These financial results are presented in Zimbabwe Dollars (ZWL) which is the Group's functional and presentation currency.

3. ACCOUNTING POLICIES

The accounting policies are consistent with those used in preparing the 31 October 2019 Group financial statements except the changes that will arise due to the adoption of IFRS 16 - Leases.

Directors: A S Mandiwanza (Chairman), D Odoteye* (Chief Executive Officer), P Shiri*, P Shah, B Ndebele, H Rudland, W Matsaira, M Nzwere, J Gracie, D Garwe, E Muvingi, B Zamchiya, P Mujaya*. (* Executive)

4. FAIR VALUE ADJUSTMENT ON INVESTMENT PROPERTIES
The property valuations done at 31 October 2019 have been maintained as at 30 April 2020. No property revaluation has been done as such valuations are done at the end of the financial year.

5. AUDITORS STATEMENT
The Group's inflation adjusted interim financial statements from which these abridged results have been extracted have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse review conclusion as a result of the impact of the following prior year matters: Non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates); the consequential impact on the inflation-adjusted amounts determined in terms of IAS 29 and valuation of investment property, freehold land and buildings due to lack of market evidence to support property valuation inputs. The auditor's review conclusion on the Group's inflation adjusted interim financial statements is available for inspection at the Company's registered office.

6. GOING CONCERN
The Directors have assessed the ability of the Group to continue operating as a going concern, in light of the COVID 19 pandemic, and believe that the preparation of the financial results on a going concern basis is still appropriate.

7. CONTINGENT LIABILITIES
There are no material contingent liabilities at the reporting date.

8. EVENTS AFTER THE REPORTING DATE
The Reserve Bank of Zimbabwe through Exchange Control Directive RV175/2020 introduced a Foreign Currency Auction Trading System effective 23 June 2020 where foreign currency is traded through a bidding system. This was implemented in an effort to stabilise the foreign currency exchange rate. Further, trading on the Zimbabwe Stock Exchange was suspended on 28 June 2020.

9. NET FINANCE COSTS

The major components of net financing costs are shown below:	Six Months Ended 30 April 2020 Reviewed ZWL$	Six Months Ended 30 April 2019 Unaudited ZWL$
Interest payable on borrowings	14,966,888	6,874,757
Interest receivable on money market instruments	(82,514)	(1,828,791)
Net finance costs in profit or loss	**14,884,374**	**5,045,966**

10. TAXATION

Current income tax charge	16,782,194	29,457,222
Withholding tax on interest income and directors fees	-	648,492
Income tax expense in profit or loss	**16,782,194**	**30,105,714**

11. BORROWINGS - INFLATION ADJUSTED
The terms and conditions of the borrowings are as below:

Authorised in terms of Articles of Association			2,141,033,321	1,255,857,813
Interest bearing loans and borrowings	**Interest rate%**	**Maturity**	**30 April 2020 ZWL$**	**31 Oct 2019 ZWL$**
Current interest bearing loans and borrowings:				
Bank borrowings	27%-35% (2019 : 5%-10%)	2020	29,795,277	41,123,190
Non-current interest bearing loans and borrowings:				
Bank borrowings	27%-35% (2019 : 5%-10%)	2021 - 2023	764,876	1,956,332
Total interest bearing loans and borrowings			**30,560,153**	**43,079,522**
Actual borrowings as a percentage of authorised borrowings			1%	3%

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 ZWL$650million (31 October 2019: ZWL$ 650 million) in order to fulfil the collateral requirements for the borrowings in place. There are no other significant terms and conditions associated with the use of collateral.

12. GROUP ABRIDGED SEGMENT RESULTS

For the six months ended 30 April 2020

	Logistics Operations	Agriculture Operations	Real Estate Operations	Services	Eliminations	Consolidated
Revenue-external customers	161,596,330	225,964,479	64,382,031	30,868,706	(102,721,356)	380,090,190
Depreciation and amortisation	(10,073,462)	(19,849,980)	(4,769,954)	(367,006)	-	(35,060,402)
Segment profit	27,622,840	49,067,609	43,585,804	562,635	-	120,838,888
Operating assets	206,102,841	627,461,676	790,087,430	133,331,831	-	1,756,983,778
Operating liabilities	26,607,393	57,538,973	3,707,555	17,184,424	-	105,038,345
Other disclosures:						
Held-for-trading investments	-	-	-	8,294,354	-	8,294,354
Capital expenditure	19,623,124	31,922,442	773,060	103,785	-	52,422,411

For the six months ended 30 April 2019

	Logistics Operations	Agriculture Operations	Real Estate Operations	Services	Eliminations	Consolidated
Revenue-external customers	138,844,770	186,959,255	25,938,732	14,414,449	(47,825,186)	318,332,020
Depreciation and amortisation	(4,846,323)	(4,455,251)	(1,242,661)	(750,404)	-	(11,294,639)
Net exchange differences	5,293,060	(12,730,616)	180,047	39,030,168		31,772,659
Segment profit /(loss)	38,354,290	68,113,482	14,518,689	(9,988,740)	-	110,997,721
Operating assets	147,831,459	343,206,328	503,454,220	77,847,044	-	1,072,339,051
Operating liabilities	11,047,554	32,118,081	1,959,213	4,551,320	-	49,676,168
Other disclosures:						
Investment held-for-sale	-	-	-	28,279,037	-	28,279,037
Capital expenditure	11,156,676	18,240,596	80,446	597,744	-	30,075,462

13. LEASES
The Group has adopted IFRS 16 (Leases), with effect from 1 November 2019 using the modified retrospective approach. IFRS 16 introduced a single on balance sheet accounting model for leases by lessees and eliminates the distinction between operating and finance leases. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises a right of use asset and lease liability for its leases. As permitted under the specific IFRS 16 transitional provisions, the Group elected not to restate its comparative financial statements. Consequently, comparative information is reported on an IAS 17 (Leases) basis and is not fully comparable to prior period and/or prior year information.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 November 2019. Right of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:
- Applied a single discount rate to a portfolio of leases with similar characteristics and
- The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

Below is a summary of the financial impact on transition to IFRS 16;

As at 1 November 2019	**Right of use asset**
Initial recognition	37,086,156
Lease modification	2,417,968
Depreciation expense	(4,806,018)
As at 30 April 2020	34,698,106

As at 1 November 2019	**Lease liability**
Initial recognition	17,634,400
Lease modification	2,417,968
Accretion of interest	3,323,979
Payments	(6,872,800)
Inflation adjustments	3,625,145
As at 30 April 2020	20,128,692
Non Current	15,256,594
Current	4,872,097

14. REVIEW OF THE OPERATING ENVIRONMENT
The operating environment remains complex and uncertain. Shortages of foreign currency, fuel and electricity persist. Rising inflation continues to erode disposable incomes and consumer buying power. The rapidly changing regulatory environment further complicates business operations.

The 2019/20 drought has left vast segments of the population food insecure and has negatively affected yields for most crops. Dam levels across most parts of the Country remain low and will compromise both winter and summer cropping programmes.

National tobacco volumes are expected to be between 10% and 15% below prior year volumes, whilst pricing is predicted to be marginally firmer.

Additionally, COVID-19 was declared a global pandemic in February 2020. A National lockdown was subsequently enforced and is ongoing. The disruptive effects of the COVID 19 pandemic are expected to continue beyond the 2020 calendar year and experts have predicted a global recession.

15. IMPACT OF AND RESPONSE TO COVID-19 PANDEMIC
The Global COVID-19 pandemic has increased health and safety risks and consequently the cost to business of keeping staff and business partners safe whilst operating at reduced capacities. Supply chains have been significantly disrupted and will be for the foreseeable future.

The start to the tobacco selling season was resultantly delayed by six weeks, commencing on 29 April 2020, effectively eliminating the contribution of tobacco-related services to the half year results of the Group. In response to the national lockdown, contractors of tobacco were authorised to set up decentralised buying points or contract floors, in the tobacco growing regions to purchase their pre-funded crop. Independent auction floors, however, were not permitted to decentralise. This, coupled with the restrictions on movement between towns, will negatively and materially impact the tobacco volumes handled in the auction business in the current year. The Group is working with tobacco industry players and the regulator to ensure a more orderly approach to decentralisation in the coming season.

Given the risks created by the pandemic, the Group has responded as follows:

- The Group has reviewed and updated its business continuity plans and is closely monitoring and assessing its business in light of the COVID 19 pandemic.
- Most of the Group's businesses have continued to operate as essential services, which has mitigated the impact of the pandemic to some extent. Business models are being reassessed to ensure the Group remains resilient.
- Measures to prioritise the health and safety of staff and business partners have been implemented across all business units.
- Business survival in the current year is critical, and consequently, costs of running the business are being contained while liquidity and funding are being managed strictly.
- The preservation of value for the benefit of shareholders is key and strengthening the balance sheet remains a focus area for the business.
- The prioritisation of the "Moving Agriculture" strategy initiatives has been reassessed. The implementation timelines for some initiatives have been pushed back, particularly those related to regional expansion. Meanwhile, some initiatives have been fast tracked as a direct response to the supply chain challenges presented by the pandemic.
- The Group, along with various business partners, continues to pursue opportunities that are available in the market.

Given the ongoing uncertainty around the impact of the pandemic, it is currently impossible to assess with certainty the full impact it will have on the Group's financial performance to the year ending 31 October 2020. It remains unclear what the eventual impact of COVID-19 will be on businesses locally.

16. PERFOMANCE OVERVIEW

Positioning overview

The Group's financial position remains sound. Gearing has been decreased to 2% from 5% at the end of prior year, with minimal foreign currency exposures. The Group's capacity to borrow, will be utilised in the near future to fund strategic initiatives which are already in the pipeline. Trading inventories with long expiry dates have been purchased as a hedge against a rapidly depreciating local currency. Meanwhile, the Group continues to invest in productive assets which enhance efficiencies in the business and preserve the value of the balance sheet.

A professional valuation of the Group's real estate portfolio was undertaken in October 2019. No revaluation has been performed at half year. The Group's property portfolio is expected to have maintained its value given the enhancement in real returns since the previous financial year.

The Group has continued to generate positive cash flows which have largely been utilised to fund operations, return dividends to shareholders, and reduce the Group's gearing during the period.

Volumes overview

Agricultural Operations

Tobacco related services
Negligible tobacco revenues were recorded by Tobacco Sales Floor in the first half results of the Group owing to the six-week delay in the start to the tobacco selling season on 29 April 2020. The current year is expected to be an unusual year for tobacco auctioning businesses given the regulations which have allowed for decentralisation of contract floors and not auction floors. Coupled with the regulated limitations on movement between towns, independently grown tobacco is expected to be sold at the nearest contract floors and not at auction in Harare. The Company is working with the industry and the regulator to ensure a more orderly approach to decentralisation in the coming season.

Propak recorded a volume reduction of 15% on comparative period due to the later commencement of the tobacco selling season. Volumes from merchant business have exceeded prior year. However, the outturn of the independent tobacco auction market will affect the overall performance of this business unit.

Agricultural trading
Agricura recorded volume growth across major product lines due largely to stock availability, improved marketing efforts and better distribution through the outlet network. The drought impacted the uptake of agro chemicals in general, however, Agricura has seen an increase in market share.

The business has invested in enhancing its manufacturing capabilities in partnership with international players. This has allowed for a strategic shift in the current year from overreliance on imported finished product to more locally produced chemicals under license. Volumes in these product lines are growing steadily with the business being able to better meet demand for animal health remedies in the current period. The business will continue to invest in upgrading its plant and machinery to widen the range of products that are locally manufactured.

The company has also been producing hand sanitizers and disinfectants for the market as part of its social responsibility in the fight against COVID-19.

Farming operations
The farming operation has recorded satisfactory yields across its major summer crops - tobacco, maize, soya and chillies which were largely grown under irrigation. The sale of the tobacco crop has been delayed by the later start to the tobacco selling season whilst a deliberate decision has been taken to sell the maize and soya once market prices recover. The lower than expected rainfall has resulted in rationing of water and consequently the yields on the banana plantation have been reduced. Winter wheat hectarages will also be reduced to ensure water resources are adequate for the coming summer cropping programme.

Logistics Operations

End to end logistics services
The logistics business has continued to operate as essential services under the national lockdown assisting with easing the significant supply chain disruptions caused by the global pandemic.

General Cargo division continues to provide services to NGO's for food relief programmes. Overall, general cargo volumes are down 29% on prior year weighed down by reduced fertiliser movements owing to the drought.

Volumes in the Tobacco division are up 89% due to the extended processing from the 2019 crop. Premier Forklift has also benefitted from this overspill of activity resulting in volume growth of 4%. This has in large measure compensated for the delay in the start to the current tobacco selling season.

The acquisition of new FMCG clients in the Distribution division has seen a sizeable growth in volumes.

Volumes in Ports and the freight forwarding business are below the comparative period due to the materially reduced volume of cargo being imported into the country. On the export side, the division has acquired chrome exporting clients whose volumes are steadily increasing.

Vehicle rental services
Avis' rental days are 19% below comparative period. The first quarter of the year had seen an increase in rental days over prior year which were completely reversed in the second quarter by the ongoing ban on international, regional and local travel, which constitutes the greater part of the business. Businesses in this sector have been hard-hit by the pandemic and performance for Avis for the remainder of the financial year is expected to be depressed.

Real Estate Operations
The Properties business largely serves agriculture-linked businesses, and these have continued to operate under lockdown. Pricing of rentals has been more closely aligned to a fair value and void levels have not been materially impacted.

The construction of a world class, 10,000 square meter warehouse, as part of a redevelopment programme commenced in April 2020 after dispensation from the Authorities was received. This warehouse, which has been pre-leased, is expected to be completed within the calendar year and will form a new revenue stream for the business.

17. OUTLOOK
The business is preparing for the national lockdown to continue for the foreseeable future. Business models and strategies are being reviewed and recalibrated to ensure that the Group is appropriately positioned to continue delivering value in a sustainable manner.

The afore-mentioned economic pressures are expected to persist in the near to medium term, making for an overall difficult operating environment. It remains to be seen what additional impact a global recession may be on the local economy. Under the circumstances, focus will be on creating a resilient business with a strong balance sheet that enables sustainable value creation.

The Group will continue to pursue its "Moving Agriculture" strategy, with modifications to the timing of the execution of certain strategic initiatives and will take advantage of the emerging opportunities.

The outturn of the tobacco selling season will be key to the full year performance of the Group as a whole.

Preparations are already underway for the upcoming summer cropping season and restocking of agro inputs are ongoing. The logistics business will continue to play its part in smoothening the flow of cargo in-country and within the region. The committed real estate construction projects will continue as planned.

18. DIRECTORATE
Mrs. Patience Shiri has been appointed Group Chief Finance Officer and an Executive Director of the Board with effect from 1 May 2020. The Board wishes her well in her new role.

19 DIVIDEND
The Board has deemed it prudent not to declare a dividend for the six months ended 30 April 2020 given the unclear outturn of the tobacco selling season and the uncertainties of the impact that the global pandemic will have on the business.

By order of the Board
James Muchando
Company Secretary
15 July 2020

Directors: A S Mandiwanza (Chairman), D Odoteye* (Chief Executive Officer), P Shiri *, P Shah, B Ndebele, H Rudland, W Matsaira, M Nzwere, J Gracie, D Garwe, E Muvingi, B Zamchiya, P Mujaya*. (* Executive)

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INDEPENDENT AUDITOR'S REVIEW CONCLUSION

TO THE SHAREHOLDERS OF TSL LIMITED

Introduction

We have reviewed the accompanying inflation adjusted interim condensed consolidated inflation adjusted financial statements of TSL Limited and its subsidiaries ("the Group") , as set out on pages 12 to 31, which comprise the interim condensed consolidated inflation adjusted statement of financial position as at 30 April 2020 and the related interim condensed consolidated inflation adjusted statement of profit or loss and other comprehensive income, the interim condensed inflation adjusted statement of changes in equity and the interim condensed inflation adjusted statement of cash flows for the six-month period then ended and explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated inflation adjusted financial information in accordance with the Internal Financial Reporting Standards. Our responsibility is to express a review conclusion on this interim condensed consolidated inflation adjusted financial information based on our review.

Scope of review

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

Basis for adverse review conclusion

The Group applied the United States Dollar (US$) as its functional currency for the period 1 November 2018 to 22 February 2019 and the Zimbabwe Dollars (ZWL) for the period 23 February 2019 to 31 October 2019. In order to comply with Statutory Instrument 33 of 2019, issued on 22 February 2019, the Group changed its functional currency with effect from this date. We however believe that the change in currency occurred prior to that date. The consolidated financial statements are presented in ZWL.

Zimbabwe witnessed significant monetary and exchange control policy changes in 2016 and increasingly through to 2019. The Reserve Bank of Zimbabwe (RBZ) together with the Ministry of Finance and Economic Development promulgated a series of exchange control operational guidelines and compliance frameworks during this period. Specifically, there was a requirement for banks to separate out FCA RTGS Accounts from the FCA Nostro US$ Accounts during October 2018. Although the rate was legally pegged at 1:1, multiple pricing practices and other transactions observed and reported publicly indicated exchange rates other than 1:1 between RTGS and the US$ amounts.

INDEPENDENT AUDITOR'S REVIEW CONCLUSION – continued

In February 2019 there was a Monetary Policy statement which introduced the RTGS Dollar (RTG$) and the interbank foreign exchange market. Furthermore, Statutory Instrument 142 of 2019 specified that for all domestic transactions, the Zimbabwe Dollar (which comprises RTGS$, Bond notes and Bond Coins) was the sole legal tender effective 24 June 2019.

These events triggered the need for the Group to assess whether there was a change in functional currency (from US$ to RTGS/ZWL) and to determine an appropriate spot rate as required by IAS 21.

We believe that events in the market and subsequent promulgation of the ZWL as a formal currency supports that there was a change in functional currency from US$ to ZWL and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 ZWL: US$ exchange rate and this occurred effective 1 October 2018.

Accordingly, the consolidated inflation adjusted financial statements of the Group for the year ended 31 October 2018 included balances and transactions denominated in US$ that were not converted to ZWL at a ZWL: US$ exchange rate that reflected the economic substance of its value as required by IFRS.

Management prospectively applied the change in functional currency from USD to ZWL from 23 February 2019, which we disagreed with. The correct approach would have been a retrospective restatement as a prior period error in terms of International Financial Reporting Standards – IAS 8 – Accounting Polices, Changes in Accounting Estimates and Errors.

Therefore, we issued an adverse opinion for the year ended 31 October 2019 as management had not restated the opening balances to resolve the matters as;

- All corresponding numbers were misstated on the inflation adjusted Statements of Financial Position, Profit or Loss, Cash Flows and Changes in Equity as well as possible effects on the comparability, and
- The inflation adjusted Statements of Profit or Loss, Cash Flows and Changes in Equity were misstated due to incorrect opening balances. Further, many elements on the Statement of Financial position were misstated as they still comprised of amounts from opening balances;
- Inflation adjustments per IAS29 - Financial Reporting in Hyperinflationary Economies were applied on incorrect base numbers due to the non-compliance with IAS 21 / IAS 8 as described above.

We did not quantify the portions affected by the above matters due to two further issues for which we modified our audit report which resulted in virtually all amounts being incorrectly stated as follows:

- The interbank exchange rate used to translate foreign denominated transactions and balances from 23 February 2019 to 31 October 2019 did not meet the IAS 21 definition of a spot rate.
- The valuation of investment properties, freehold land and buildings was not appropriate given the use of USD inputs and resultant translation to ZWL.

The above matters which gave rise to the adverse opinion in the prior year have not been corrected as required by IAS 8, our review conclusion on the inflation adjusted consolidated financial information for the period ended 30 April 2020 is therefore modified for the following reasons;

- All corresponding numbers remain misstated on the inflation adjusted Statement of Financial Position (except for interest bearing loans and borrowings, and bank overdraft), Cash Flows Profit or Loss and Changes in Equity, this also impacts comparability of the current period's figures,

INDEPENDENT AUDITOR'S REVIEW CONCLUSION - continued

- As opening balances enter into the determination of cash flows and performance, our half year conclusion is modified in respect of the impact of this matter on the Statement of Cash Flows, Statement of Profit or Loss and Statement of Changes in Equity.

In addition to the impacts on the corresponding numbers, half year performance and cash-flows the matter continues to impact the balances on the inflation adjusted Statement of Financial Position as many of these still comprise of amounts from opening balances.

The above matters relating to the interbank rates and valuation of properties also continue in the current period and therefore also continue to result in virtually all amounts on the Statement of Financial Position being misstated in combination with the above matters. The effect cannot be quantified owing to the degree of modifications and their combined interaction and primarily that appropriate alternate spot rates cannot be determined.

The effects of the above departures from IFRS are material and pervasive to the interim condensed consolidated financial information.

Adverse review conclusion

In view of the matters described in the preceding paragraphs, the inflation-adjusted interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards.

The engagement partner on the review audit resulting in this review conclusion report on the interim condensed consolidated financial information is Mr Fungai Kuipa (PAAB Practicing Certificate Number 335).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

16 July 2020