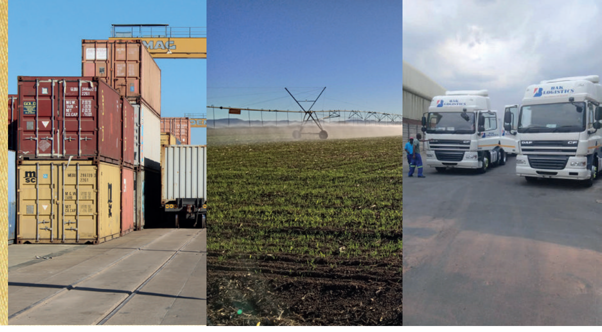
TSL LIMITED
Abridged Audited Results
For The Year Ended 31 October 2021

The Directors of TSL Limited are pleased to announce the abridged audited results for the year ended 31 October 2021



SALIENT FEATURES

INFLATION ADJUSTED AUDITED	↑ 13% Revenue	↑ 0.4% EBITDA	↓ 9% Operating Profit
HISTORICAL UNAUDITED	↑ 145% Revenue	↑ 123% EBITDA	↑ 123% Operating Profit

CHAIRMAN'S STATEMENT

REVIEW OF THE ECONOMIC ENVIRONMENT

The global COVID-19 pandemic continued throughout the year and is ongoing. As new variants of the virus manifested, national lockdown restrictions were implemented, albeit at less stringent levels. National vaccination programmes have been encouraged and enforced. Global supply chain disruptions have persisted, adding significant delays and costs to business operations.

The operating environment was difficult. Inflation remained relatively stable in the earlier part of the year. Interest rates on local currency borrowings were unsustainably high. Reported backlogs in foreign currency settlement on the interbank auction system resulted in a widening disparity between the official exchange rate and the rates obtaining in the marketplace, spurred divergent multiple exchange rates and pricing mechanisms in the business environment.

The country witnessed an above-average rainy season in the trading period, which benefited production of key strategic crops such as maize and soya bean. The filling of most dams across the country also led to a successful winter cropping season. National tobacco volumes closed at 211 mkgs, a 14% increase on prior year crop whilst national average price was US$2.79/kg, 12% ahead of prior year.

PERFORMANCE OVERVIEW

The Group achieved good volume growth across most business units. Inflation adjusted revenue for the year is up 13% on prior year attributable to improved performance by the agriculture-based business units. A significant portion of Group revenue was generated in foreign currency which is converted and reported in ZWL using the official exchange rate. Multiple exchange rates were used by local suppliers to price products and services resulting in an increase in operating expenses by 17%. Operating profit was down 9% as a result of increased margin pressure and additional costs attributable to global supply chain disruptions. Interest rates were high at an average of 45% for the year. However, Group borrowings remained low.

The Group's financial position remains firm with the focus on shareholder value creation and preservation. Most working capital requirements were funded from internally generated cash resources. Positive cash flows generated were applied towards funding the operations, paying dividends to shareholders and acquisition of productive assets in the year.

Property valuations

The Directors have elected to use the actual US$ rental yield achieved in the year of 8.6% (up from 7.8% in prior year) to determine the ZWL value of the underlying property portfolio as explained in Note 3. The US$ value of the Group properties has marginally declined from last year.

Note to users of financial statements

The Group's consolidated financial statements have not in all material respects been prepared in compliance with the requirements of IAS 21-The Effects of Changes in Foreign Exchange Rates in prior years. Consequently the current year financial statements include residual effects of these prior year misstatements. The Board, therefore, advises users to exercise caution in the interpretation of these financial statements.

Agricultural Operations

Tobacco-related services

Tobacco Sales Floor handled 24.3 mkg of tobacco in the year against 15 mkg in prior year, a 62% increase. Of this volume, 60% was on behalf of tobacco contractors in Harare and the new decentralised floors in Karoi and Marondera in line with the Group's strategic thrust. TSF continued to hold the largest market share in the independent auction segment (78%) and achieved the highest seasonal average price (US$2.86).

Propak Hessian volumes were 15% ahead of prior year on the back of a 26% increase on volumes from tobacco merchants and a 36% volume decline in the independent auction segment. Foreign currency for importation of hessian was available from both customers and the foreign currency auction system. The business invested in and installed a paper packaging manufacturing line which will allow for competitively-priced, locally-produced paper packaging to be supplied both locally and into the region. This strategic move is in line with the Group's sustainability drive.

Agricultural trading

Agricura achieved strong volume growth across most product lines due to increased market share, stock availability and attractive pricing particularly on locally manufactured products. However, supply chain disruptions from source markets affected product availability for some product lines resulting in sourcing of raw materials and stock from the region at higher prices, which suppressed margins. The business unit commenced exports into Botswana in the year.

Farming Operations

The prior year drought adversely affected yields for tobacco, banana and chillies as water had to be rationed due to low dam levels. However, the above-normal 2020/2021 rainfall season resulted in good yields for maize, wheat, and soya bean crops.

Logistics Operations

End to end logistics services

Bak Logistics recorded volume growth in distribution (48%), ports (51%), transport (20%) and tobacco handling (2%). This growth was attributable to new clients being signed up and the commencement of transport services from decentralised tobacco floors. Storage and handling volumes in FMCG and general cargo were 75% and 24% below comparative period respectively, due to global supply chain disruptions which resulted in product being moved directly to consumers. Margins came under pressure as global supply chain challenges resulted in higher costs. New business lines were recorded in the freight forwarding division with satisfactory volumes. Handling volumes at Premier Forklifts improved by 5% while forklift sales remained at par with prior year.

The logistics business responded positively to the ongoing initiatives to recover market share through competitive pricing and optimisation of capacity.

In partnership with international logistics players, Unitrans and DP World, and working with the NRZ, a rail service was commenced from Maputo to Harare. Eight trains had been moved in the period to year-end and this is expected to increase and improve consistency into the future.

Vehicle rental

Avis' rental days were up 69% due to less stringent lockdown restrictions and commencement of international travel when compared with prior year. The unit acquired the Budget franchise during the year and rebranded to AvisBudget Group Zimbabwe.

Real Estate Operations

Occupancies remained satisfactory and void levels decreased compared to prior year. The business successfully completed the construction of a world class, 10,000 square metre warehouse in Harare, which was occupied in May 2021. This is part of the Group's strategic initiatives to create fit-for-purpose, modern infrastructure that facilitates the movement of agriculture. The property portfolio was valued in US$ by Dawn Property Consultants and converted to ZWL$ using the rental yield achieved as per Note 3.

Commodities Exchange

The Group partnered with Financial Securities Exchange (Finsec), CBZ Holdings Limited and the Government of Zimbabwe in launching the Zimbabwe Merchantile Exchange (ZMX) on 18 August 2021. The launch of the commodities exchange was made possible by the support the Ministry of Finance and Economic Development, Zimbabwe's Ministry of Lands, Agriculture, Fisheries, Water and Rural Resettlement, and International Development Agencies, namely the World Bank and Food and Agricultural Organization (FAO). ZMX brings an orderly, digitalized marketplace platform for trading and funding of agricultural commodities. 18 agricultural commodities have been approved for trading in the maiden year. Operations of this entity are still in their infancy and expected to scale up in the coming year.

Sustainability

The Group aims to create sustainable economic value by pursuing a long-term approach to environmental stewardship, social responsibility and corporate governance. The impact of the COVID-19 Global pandemic in previous years cast a greater focus on how the Group embedded sustainability practices in all its businesses.

OUTLOOK

The Group continues to pursue its "moving agriculture" strategy in a difficult operating environment and to invest accordingly to create and preserve shareholder value. The Group continues to explore strategic partnerships both locally and regionally to enhance its market presence. The availability of foreign currency and appropriately priced financing will assist in taking advantage of the existing growth opportunities.

The Group received approval from the Reserve Bank of Zimbabwe to buy out a minority shareholder in Agricor (Private) Limited resulting in the Group wholly owning the business on conclusion. The transaction is expected to be completed before the end of 2022 financial year.

Ongoing plans to expand and improve the Group's infrastructure are underway with construction anticipated to commence at one of the Group's strategically located warehouses. This construction of an additional 9,000 square meters of warehousing is anticipated to kickstart in the 2022 financial year.

The effects of the global COVID-19 pandemic, particularly on global supply chains are expected to continue and require ongoing management. Nonetheless, the Zimbabwean economy is projected to recover as the impact of the pandemic declines in response to mitigatory measures and as the world adapts to living with the virus.

DIVIDEND

At their meeting held on 27 October 2021, the Directors declared a second interim dividend of ZWL17 cents per share which was paid in November 2021 in respect of all the ordinary shares. This brings the total dividend declared for the financial year ended 31 October 2021 to ZWL45 cents per share.

For and on behalf of the Board

A. S. Mandiwanza
(Chairman)
26 January 2022

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GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2021

	Notes	Inflation adjusted Audited 2021 ZWL	Inflation adjusted Audited 2020 ZWL	Historical cost Unaudited 2021 ZWL	Historical cost Unaudited 2020 ZWL
Revenue		3,824,867,170	3,385,920,145	3,218,992,567	1,316,210,383
Cost of sales		(740,984,038)	(524,906,932)	(591,751,043)	(187,433,888)
Gross Profit		**3,083,883,132**	**2,861,013,213**	**2,627,241,524**	**1,128,776,495**
Other operating income		199,713,554	212,350,249	169,978,988	57,340,941
Other operating expenses		(833,808,080)	(711,064,011)	(768,086,258)	(286,699,574)
Staff costs		(1,073,227,017)	(991,694,693)	(892,152,198)	(389,525,440)
Earnings before interest, taxation, depreciation and amortisation		**1,376,561,589**	**1,370,604,758**	**1,136,982,056**	**509,892,422**
Depreciation and amortisation		(400,665,448)	(294,923,023)	(85,632,494)	(37,803,426)
Operating profit		**975,896,141**	**1,075,681,735**	**1,051,349,562**	**472,088,996**
Fair value (loss)/gain on biological assets		(26,949,291)	(28,976,841)	80,979,559	31,388,328
Fair value gain on listed equities		158,357,767	56,206	173,260,471	22,567,664
Fair value gain on investment properties		145,401,132	544,428,585	715,859,906	1,439,415,707
Net exchange gains		(46,319,221)	267,922,591	(16,138,616)	176,478,359
Net monetary loss		(122,789,548)	(723,308,564)	-	-
Net finance costs	8	(166,366,377)	(125,452,773)	(138,092,937)	(46,948,292)
Profit before tax from operations		**917,230,603**	**1,010,350,939**	**1,867,217,945**	**2,094,990,762**
Income tax charge	9	(298,587,640)	(539,376,096)	(432,656,184)	(414,979,254)
Profit for the period		**618,642,963**	**470,974,843**	**1,434,561,761**	**1,680,011,508**
Attributable to:					
Equity holders of the parent		622,548,427	470,310,732	1,433,952,752	1,655,663,164
Non-controlling interest		(3,905,464)	664,111	609,009	24,348,344
		618,642,963	**470,974,843**	**1,434,561,761**	**1,680,011,508**
Number of shares in issue		357,102,445	357,102,445	357,102,445	357,102,445
Earnings per share (cents)		174	132	402	471
Headline earnings per share (cents)		149	135	200	102
Dividend per share (cents)		47	33	45	28
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of property		293,314,053	325,795,171	443,512,444	914,927,071
Deferred tax on revaluation of property		(72,575,165)	(80,536,566)	(109,636,276)	(226,169,972)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Translation of a foreign subsidiary		14,877,227	102,005,924	14,877,227	66,023,252
Total other comprehensive income net of tax		235,616,115	347,264,529	348,753,395	754,780,351
Total comprehensive income		**854,259,078**	**818,239,372**	**1,783,315,156**	**2,434,791,859**
Attributable to:					
Equity holders of the parent		819,900,259	802,907,106	1,756,648,580	2,367,456,335
Non-controlling interest		34,358,819	15,332,266	26,666,576	67,335,524
		854,259,078	**818,239,372**	**1,783,315,156**	**2,434,791,859**

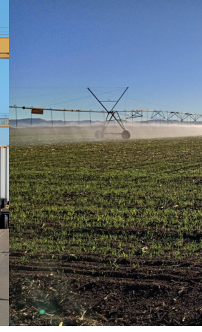
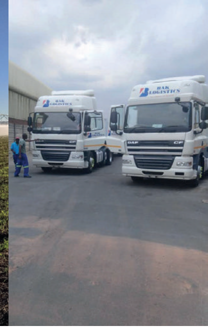
GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

As at 31 October 2021

	Notes	Inflation adjusted Audited 2021 ZWL	Inflation adjusted Audited 2020 ZWL	Historical cost Unaudited 2021 ZWL	Historical cost Unaudited 2020 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment		3,286,953,400	2,913,503,488	1,934,653,894	1,241,263,905
Investment properties		3,246,257,520	2,923,943,230	2,658,535,772	1,817,354,832
Intangible assets		57,383,478	51,950,630	11,234,254	2,424,873
Right of use assets		226,111,370	323,070,216	78,402,636	73,619,658
		6,816,705,768	**6,212,467,564**	**4,682,826,556**	**3,134,663,268**
Current assets					
Biological assets		56,080,996	36,450,799	56,080,996	23,592,750
Inventories		805,583,502	717,584,568	425,743,416	166,936,557
Inventory prepayments		193,389,434	243,394,350	165,149,219	106,383,258
Trade and other receivables		785,172,658	509,179,279	719,269,717	292,101,098
Held-for-trading investments		200,608,807	42,253,178	200,608,806	27,348,355
Cash and bank balances		367,506,391	522,708,592	367,506,392	338,322,712
		2,408,341,788	**2,071,570,766**	**1,934,358,546**	**954,684,730**
Total assets		**9,225,047,556**	**8,284,038,330**	**6,617,185,102**	**4,089,347,998**
EQUITY AND LIABILITIES					
Equity					
Issued share capital and premium		308,489,048	308,489,048	6,469,824	6,469,824
Non-distributable reserves		851,046,380	652,311,981	1,188,143,076	864,356,895
Retained earnings		5,414,299,219	5,015,655,678	3,234,898,797	2,000,256,284
Attributable to equity holders of parent		**6,573,834,647**	**5,976,456,707**	**4,429,511,697**	**2,871,083,003**
Non-controlling interest		333,837,535	299,478,717	110,585,168	83,918,593
Total equity		**6,907,672,182**	**6,275,935,424**	**4,540,096,865**	**2,955,001,596**
Non-current liabilities					
Interest bearing loans and borrowings	10	614,346	1,116,728	614,346	722,801
Deferred tax liabilities		604,671,480	706,214,865	365,644,587	296,837,792
Lease liabilities		60,245,521	72,849,499	60,245,521	47,151,779
		665,531,347	**780,181,092**	**426,504,454**	**344,712,372**
Current liabilities					
Interest bearing loans and borrowings	10	249,999,144	225,923,992	249,999,144	146,229,121
Bank overdraft		55,839,844	53,870,572	55,839,844	34,867,686
Provisions		46,463,260	36,559,498	46,463,256	23,685,790
Trade and other payables		556,145,181	310,294,413	554,884,941	195,677,752
Income tax payable		709,427,133	554,000,005	709,427,133	358,576,055
Lease liability		33,969,465	47,273,334	33,969,465	30,597,626
		1,651,844,027	**1,227,921,814**	**1,650,583,783**	**789,634,030**
Total equity and liabilities		**9,225,047,556**	**8,284,038,330**	**6,617,185,102**	**4,089,347,998**
Current ratio		**1.5**	**1.7**	**1.2**	**1.2**

TSL LIMITED
Abridged Audited Results For The Year Ended 31 October 2021

The Directors of TSL Limited are pleased to announce the abridged audited results for the year ended 31 October 2021

GROUP ABRIDGED STATEMENT OF CASH FLOWS
For the year ended 31 October 2021

	Inflation adjusted Audited		Historical cost Unaudited	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
OPERATING ACTIVITIES				
Profit before tax	917,230,603	1,010,350,939	1,867,217,945	2,094,990,762
Non-cash adjustments to reconcile profit before tax to net cash flows	373,276,294	(872,116,052)	(792,139,772)	(1,499,661,794)
	1,290,506,897	**138,234,887**	**1,075,078,173**	**595,328,968**
Net (reduction)/increase in working capital	(87,764,982)	186,231,764	(418,022,496)	(301,451,037)
Operating cash flow	**1,202,741,915**	**324,466,651**	**657,055,677**	**293,877,931**
Net finance costs paid	(166,366,377)	(125,452,770)	(138,092,937)	(46,948,292)
Income tax paid	(133,576,997)	(106,409,140)	(14,189,997)	(59,722,332)
Net cash generated from operating activities	**902,798,541**	**92,604,741**	**504,772,743**	**187,207,307**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and investment properties	(544,167,029)	(823,424,147)	(425,736,477)	(299,835,261)
Proceeds on disposal of property, plant and equipment	18,532,961	16,032,243	12,369,021	2,950,734
Purchase of intangible assets	(13,543,669)	(5,151,283)	(9,358,221)	(1,501,790)
Net cash used in investing activities	**(539,177,737)**	**(812,543,187)**	**(422,725,677)**	**(298,386,317)**
FINANCING ACTIVITIES				
Net increase in loans and borrowings	205,926,603	392,435,307	103,661,567	128,736,283
Ordinary dividend paid to equity holders of the parent	(223,904,886)	(198,881,171)	(199,310,239)	(26,468,999)
Payment of principal portion of lease liability	(37,500,590)	(42,983,170)	(19,266,138)	(17,086,359)
Sale of shares in a subsidiary	-	217,971,900	-	75,120,934
Net cash (used)/generated from financing activities	**(55,478,873)**	**368,542,866**	**(114,914,810)**	**160,301,859**
Net increase/(decrease) in cash and cash equivalents	308,141,931	(351,395,580)	(32,867,744)	49,122,849
Net exchange gains	41,079,265	868,275,546	41,079,265	195,651,219
Effects on inflation	(506,392,669)	(565,994,413)	-	-
Cash and cash equivalents at the beginning of the period	468,838,020	517,952,467	303,455,026	58,680,958
Cash and cash equivalents at the end of the period	**311,666,547**	**468,838,020**	**311,666,547**	**303,455,026**
Represented by:				
Cash and bank balances	367,506,391	522,708,592	367,506,391	338,322,712
Bank overdraft	(55,839,844)	(53,870,572)	(55,839,844)	(34,867,686)
	311,666,547	**468,838,020**	**311,666,547**	**303,455,026**

GROUP STATEMENT OF CHANGES IN EQUITY
For the year ended 31 October 2021

INFLATION ADJUSTED AUDITED	Issued share capital and premium ZWL	Non-distributable reserves ZWL	Retained earnings ZWL	Total attributable to equity holders of the parent ZWL	Non-controlling interest ZWL	Total equity ZWL
Balance at 1 November 2019	**308,489,048**	**312,281,497**	**4,480,967,727**	**5,101,738,272**	**277,297,408**	**5,379,035,680**
Profit for the period	-	-	470,310,732	470,310,732	664,111	470,974,843
Transfer between reserves	-	3,216,813	(3,216,813)	-	-	-
Employee share options	-	4,217,297	-	4,217,297	-	4,217,297
Disposal of 20% in Subsidiary	-	-	266,475,203	266,475,203	6,849,043	273,324,246
Other comprehensive income	-	332,596,374	-	332,596,374	14,668,155	347,264,529
Total comprehensive income	-	340,030,485	733,569,122	1,073,599,607	22,181,310	1,095,780,917
Ordinary dividend	-	-	(198,881,171)	(198,881,171)	-	(198,881,171)
Balance at 31 October 2020	**308,489,048**	**652,311,981**	**5,015,655,678**	**5,976,456,707**	**299,478,717**	**6,275,935,424**
Profit for the period	-	-	622,548,427	622,548,427	(3,905,464)	618,642,963
Employee share option expense	-	1,382,566	-	1,382,566	-	1,382,566
Other comprehensive income	-	197,351,833	-	197,351,833	38,264,282	235,616,115
Total comprehensive income	-	198,734,399	622,548,427	821,282,826	34,358,818	855,641,644
Dividends	-	-	(223,904,886)	(223,904,886)	-	(223,904,886)
Balance at 31 October 2021	**308,489,048**	**851,046,380**	**5,414,299,219**	**6,573,834,647**	**333,837,535**	**6,907,672,182**
HISTORICAL UNAUDITED						
Balance at 1 November 2019	**6,469,824**	**154,033,665**	**299,978,404**	**460,481,893**	**14,746,682**	**475,228,575**
Profit for the period	-	-	1,655,663,164	1,655,663,164	24,348,344	1,680,011,508
Transfer between reserves	-	364,446	(364,446)	-	-	-
Employee share option expense	-	(1,834,387)	-	(1,834,387)	-	(1,834,387)
Disposal of 20% in Subsidiary	-	-	71,448,161	71,448,161	1,836,387	73,284,548
Other comprehensive income	-	711,793,171	-	711,793,171	42,987,180	754,780,351
Total comprehensive income	-	710,323,230	1,726,746,879	2,437,070,109	69,171,911	2,506,242,020
Ordinary dividend	-	-	(26,468,999)	(26,468,999)	-	(26,468,999)
Balance at 31 October 2020	**6,469,824**	**864,356,895**	**2,000,256,284**	**2,871,083,003**	**83,918,593**	**2,955,001,596**
Profit for the period	-	-	1,433,952,752	1,433,952,752	609,009	1,434,561,761
Employee share option expense	-	1,090,352	-	1,090,352	-	1,090,352
Other comprehensive income	-	322,695,829	-	322,695,829	26,057,567	348,753,396
	-	323,786,181	1,433,952,752	1,757,738,933	26,666,576	1,784,405,509
Dividends	-	-	(199,310,239)	(199,310,239)	-	(199,310,239)
Balance at 31 October 2021	**6,469,824**	**1,188,143,076**	**3,234,898,797**	**4,429,511,697**	**110,585,168**	**4,540,096,865**

NOTES TO THE FINANCIAL RESULTS
For the year ended 31 October 2021

1. BASIS OF PREPARATION
The consolidated inflation adjusted financial results, from which these abridged consolidated financial statements are an extract, have been prepared in accordance with International Financial Reporting Standards (IFRS), except for non-compliance with IAS 21 "Effects of Changes in Foreign Exchange Rates". The non-compliance occurred in the prior financial year due to differences in the dates of application of the standard. Had the Group applied the requirements of IAS 21, many elements of the consolidated financial statements would have been materially impacted. The consolidated financial statements are in compliance with the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) and the Zimbabwe Stock Exchange (ZSE) Listing Requirements. The Directors of TSL Limited are responsible for the preparation and fair presentation of the annual Group financial statements, of which this press release represents an extract.

The accounting policies are consistent with those used in preparing the 31 October 2020 Group financial statements.

2. PRESENTATION AND FUNCTIONAL CURRENCY
These inflation adjusted financial results are presented in Zimbabwe Dollars (ZWL) which is the Group functional and presentation currency.

The consolidated financial statements are initially prepared under the historical cost convention and restated for the changes in the general purchasing power of the functional currency for the purposes of fair presentation in accordance with IAS 29 (Financial Reporting in Hyper-inflationary Economies). This historical cost information has been restated for changes in the general purchasing power of the Zimbabwe dollar and as a result are stated in terms of the measuring unit current at the end of the reporting period. Accordingly, the inflation adjusted consolidated financial statements represent the primary financial statements of the Group. The historical cost financial statements have been provided by way of supplementary information. Conversion indices are as below:

	Index	Conversion factor
CPI as at 31 October 2021	3,556	1.00
CPI as at 31 October 2020	2,302	1.54

3. FAIR VALUE ADJUSTMENT ON INVESTMENT PROPERTIES
Property valuations rely on historical market evidence for calculation of inputs. Such market evidence does not exist at present to calculate ZWL values. The company's independent property valuers adopted the approach of converting US$ valuation inputs at the interbank foreign exchange rate of 97.13 at 31 October 2021. The Directors have elected to use the actual US$ rental yield achieved in the year of 8.6% (2020: 7.8%) to determine the ZWL value of the underlying property portfolio. The implied conversion rate adopted was US$1:ZWL105 in inflation adjusted terms, instead of the closing interbank auction exchange rate of US$1:ZWL97.13.

4. AUDITORS STATEMENT
The consolidated inflation adjusted financial statements from which this abridged version has been extracted, have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An adverse opinion has been issued thereon in respect of non-compliance with the requirements of International Accounting Standard (IAS) 21, "The effects of foreign exchange rates" and International Accounting Standard (IAS) 8 – Accounting Polices, Changes in Accounting Estimates and Errors and consequential impact of applying IAS29 "Financial Reporting in Hyperinflationary Economies" on an incorrect base in prior year. As well as inappropriate valuation of investment properties, freehold land and buildings. There were no other key audit matters communicated in the auditor's report.

The engagement partner responsible for this audit is Mr Walter Mupanguri (PAAB Practicing Certificate 0367). The auditor's report on the inflation adjusted consolidated financial statements is available for inspection at the Group's registered office.

5. 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.

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

7. EVENTS AFTER THE REPORTING DATE
The Group received regulatory approval for the acquisition of a minority shareholders interest in Agricor (Private) Limited. When this transaction is successfully completed, the Group will have 100% shareholding in Agricor (Private) Limited.

8. NET FINANCE COSTS

	Inflation Adjusted Audited		Historical Unaudited	
	2021 ZWL	2020 ZWL	2021 ZWL	2020 ZWL
Interest on lease liabilities	31,677,919	34,823,038	25,622,585	12,402,007
Interest on debts and borrowings	135,130,973	90,923,338	110,823,201	35,706,916
Interest on investments with banks during the year	(442,515)	(293,603)	1,647,151	(1,160,631)
Net finance costs in profit or loss	**166,366,377**	**125,452,773**	**138,092,937**	**46,948,292**

9. TAXATION
The major components of income tax expense for the full years ended 31 October 2021 and 31 October 2020 are shown below:

Current income tax charge	472,706,191	606,845,625	472,706,169	392,780,341
Deferred tax	(174,118,551)	(67,469,529)	(40,049,985)	(22,198,913)
Income tax expense in profit or loss	**298,587,640**	**539,376,096**	**432,656,184**	**414,979,254**

10. BORROWINGS

INFLATION ADJUSTED

The terms and conditions of the borrowings are as below:

Authorised in terms of Articles of Association	6,872,138,540	4,540,096,865	2,955,001,596

Interest bearing loans and borrowings	Interest rate%	Maturity	31 Oct 2021 ZWL	31 Oct 2020 ZWL
Current interest bearing loans and borrowings:				
Bank borrowings	38%-65% (2020 & 2021: 38%-65%)	2022	249,999,144	225,923,992
Non-current interest bearing loans and borrowings:				
Bank borrowings	38%-65% (2020 & 2021: 38%-65%)	2023	614,346	1,116,728
Total interest bearing loans and borrowings			**250,613,490**	**227,040,719**
Actual borrowings as a percentage of authorised borrowings			6%	8%

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 fair value of ZWL3.2 billion (31 October 2020: ZWL2 billion inflation adjusted) 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.

11. GROUP ABRIDGED SEGMENT RESULTS

INFLATION ADJUSTED

For the year ended 31 October 2021

	Logistics Operations	Agriculture Operations	Real Estate Operations	Services	Eliminations	Consolidated
Revenue-external customers	1,352,542,174	2,654,745,529	426,003,593	124,929,284	(733,353,410)	3,824,867,170
Depreciation and amortisation	(123,728,628)	(246,523,507)	(25,942,898)	(4,470,415)	-	(400,665,448)
Fair value adjustment and impairments	-	(26,949,291)	143,869,403	159,889,496	-	276,809,608
Net exchange differences	(12,742,929)	29,321,994	(27,350,359)	(35,547,927)	-	(46,319,221)
EBITDA	139,057,704	988,094,255	295,582,115	(46,172,485)	-	1,376,561,589
Operating assets	763,797,580	3,203,211,930	4,069,109,724	704,824,663	-	8,740,943,897
Operating liabilities	(159,461,357)	(381,699,837)	(54,575,379)	(6,871,868)	-	(602,608,441)
Other disclosures:						
Held-for-trading investment	-	-	-	200,608,807	-	200,608,807
Capital expenditure	99,064,403	231,877,035	219,071,890	7,697,370	-	557,710,698

For the year ended 31 October 2020

	Logistics Operations	Agriculture Operations	Real Estate Operations	Services	Eliminations	Consolidated
Revenue-external customers	1,294,186,987	2,141,004,614	564,395,647	230,448,617	(844,115,720)	3,385,920,145
Depreciation and amortisation	(96,327,927)	(179,966,023)	(15,402,644)	(3,226,429)	-	(294,923,023)
Fair value adjustment and impairments	-	(28,976,841)	544,428,585	56,206	-	515,507,950
Net exchange differences	92,970,349	189,347,156	(232,463,100)	218,068,186	-	267,922,591
EBITDA	317,280,890	731,584,949	430,834,383	(109,095,465)	-	1,370,604,758
Operating assets	796,498,451	2,357,739,622	4,273,055,489	439,470,740	-	7,866,764,302
Operating liabilities	(70,875,192)	(150,857,474)	(38,223,127)	(86,898,116)	-	(346,853,909)
Other disclosures:						
Held for-trading investment	-	-	-	42,253,178	-	42,253,178
Capital expenditure	195,465,108	359,002,599	254,266,237	19,841,486	-	828,575,430

12. SUPPLEMENTARY INFORMATION

	Inflation Adjusted Audited	
	2021 ZWL	2020 ZWL
Capital commitments - authorised but not contracted for	957,487,043	780,625,802
Depreciation on property, plant and equipment	400,665,448	294,923,023

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

Tel: +263 24 2750905-14 or 2750979-83
Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of TSL Limited

Report on the Audit of the Consolidated inflation adjusted Financial Statements

Adverse Opinion

We have audited the accompanying consolidated inflation adjusted financial statements of TSL Limited and its subsidiaries ("the Group") , as set out on pages 18 to 70, which comprise the consolidated inflation adjusted statement of financial position as at 31 October 2021 and the related consolidated inflation adjusted statement of profit or loss and other comprehensive income, the consolidated inflation adjusted statement of changes in equity and the consolidated inflation adjusted statement of cash flows for the year then ended, and notes to the consolidated inflation adjusted financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying consolidated inflation adjusted financial statements do not present fairly the financial position of the Group as at 31 October 2021, its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for adverse opinion

Non-compliance with International Financial Reporting Standards IAS 21- The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors

Impact of prior year modification on current year

Historical date of change in functional currency
As explained in note 2.3 to the consolidated inflation adjusted financial statements, the Group changed its functional and reporting currency from United States Dollar (US$) to Zimbabwe Dollars (ZWL) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

We however believe that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019. This matter has not been corrected through a restatement in terms of IAS 8 - Accounting Polices, Changes in Accounting Estimates and Errors. Our prior year audit report for the year ended 31 October 2020 was modified due to impact of this matter on Property Plant and Equipment on the consolidated inflation adjusted Statement of Financial Position which still comprised of material amounts from opening balances, as well as movements on the consolidated inflation adjusted statements of Profit or Loss, Cashflows and Changes in Equity. Our opinion on the current period's consolidated inflation adjusted financial statements is therefore modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Exchange rates used in prior year
Further contributing to the adverse opinion was the use of inappropriate exchange rates which did not meet IAS21 requirements for a spot rate from 22 February 2019 to 22 June 2020. The interbank exchange rate was used to translate foreign denominated transactions and balances to ZWL functional currency; however, the rate was not available for immediate delivery therefore not a spot rate in terms of IFRS. The misstatements could however not be quantified as an appropriate exchange rate had not been identified.

Management has not made retrospective adjustments in terms of *IAS 8* to correct this matter. The matter continues to impact the following amounts on the consolidated inflation adjusted statement of financial position which still comprise material amounts from opening balances: Property, Plant and Equipment stated at ZWL3 286 953 400 (2020: ZWL2 913 503 487) for which ZWL59 131 818 is the misstated portion, Inventories stated at ZWL805 583 498 (2020: ZWL717 584 568) and Deferred Tax Liability stated at ZWL604 671 479 (2020: ZWL706 214 865).

As opening balances enter into the determination of financial performance, our audit report is modified in respect of the impact of these matters on Cost of Sales stated at ZWL 740 984 038 (2020: ZWL524 906 932), Depreciation Expense stated at ZWL400 665 448 (2020: ZWL294 923 021) and Tax Expense stated at ZWL298 587 641 (2020: ZWL539 376 096) in the consolidated inflation adjusted Statement of Profit or Loss and other Comprehensive Income. Consequently, the consolidated inflation adjusted Statement of Changes in Equity and consolidated inflation adjusted Statement of Cashflows may also require amendments.

Further, corresponding numbers relating to Revenue, Other Operating Expenses and Net Exchange Gains on the consolidated inflation adjusted statement of Profit or Loss and other Comprehensive Income remain misstated. Our opinion on the current period's consolidated inflation adjusted financial statements is therefore also modified because of the possible effects of the above matter on the comparability of the current period's figures and the corresponding figures.

Valuation of investment properties, freehold land and buildings

The Group's Investment Properties and Freehold Land and Buildings are carried at ZWL 3 246 257 520 (2020: ZWL2 923 943 230) and ZWL 1 953 412 955 (2020: ZWL 1 644 826 201) respectively as at 31 October 2021 as described in Note 16. The implicit investment method was applied for Industrial and commercial properties and key inputs into the calculations include rentals per square metre and capitalisation rates. Residential properties and vacant stands were valued in terms of the market comparable approach. In both cases, the valuation was performed based on USD denominated inputs and converted to ZWL as the presentation currency using a rental yield as determined by management as described on Note 16.

We have concerns over the appropriateness of using a foreign currency for the valuation inputs and then applying a conversion rate to a USD valuation to calculate ZWL property values as in our opinion this may not be an accurate reflection of the current market dynamics where there is a disparity between exchange rates. With respect to the implicit investment approach, the USD estimated rentals may not be an appropriate proxy for the ZWL amounts in which rentals are settled. While historical USD amounts based on similar transactions have been used as a starting point in determining comparable values on the market comparable approach, it is noted that market participants take into account different risk factors in determining an appropriate value in ZWL terms which are not necessarily limited to an exchange rate.

Consequently, property values may be materially misstated, and we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our prior year audit report was also modified in respect of this matter.

Consequential impact on IAS29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods' financial information which was not in compliance with *IAS 21 / IAS 8* and included inappropriate methods for fair valuing the land and buildings and investment properties as described above. Had the correct base numbers been used, the above stated accounts would have been materially different. Consequently, the monetary loss of ZWL 122 789 548 on the consolidated inflation adjusted Statement of Profit or Loss and other Comprehensive Income are impacted.

The effects of the above departures from IFRS are material and pervasive to the consolidated inflation adjusted financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further descried in the *Auditor's Responsibilities for the Audit of the consolidated Inflation adjusted annual financial statements section* of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

Other information consists of the Chairman's Statement, Report of Directors' Report and the Statement of Director's Responsibility Statement but does not include the consolidated inflation adjusted financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the consolidated inflation adjusted 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 inflation adjusted financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated inflation adjusted financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 – Effects of Changes in Foreign Exchange Rates, IAS 8 – Accounting Policies, Changes in Accounting Estimate and Error, IAS29 - Financial Reporting in Hyperinflationary Economies and inappropriate valuation of properties. We have concluded that the other information is materially misstated for the same reasons.

TSL Limited

Responsibilities of the Directors for the consolidated Inflation adjusted Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated inflation adjusted financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of consolidated inflation adjusted financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated inflation adjusted 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the consolidated inflation adjusted Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated inflation adjusted 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 based on these consolidated inflation adjusted 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 inflation adjusted financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is enough 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 control 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 control.

- 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 inflation adjusted financial statements or, if such disclosures are inadequate, to modify our opinion.

Independent Auditor's Report (Continued)

TSL Limited

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 inflation adjusted financial statements, including the disclosures, and whether the inflation adjusted 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 inflation adjusted 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of consolidated inflation adjusted 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.

The engagement partner on the audit resulting in this independent auditor's report is Walter Mupanguri (PAAB Number 367).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare

Date: 31 January 2022