



# TSL Limited Abridged Group Reviewed Results For The Six Months Ended 30 April 2022

The Directors of TSL Limited are pleased to announce the abridged reviewed results for the six months ended 30 April 2022.



## SALIENT FEATURES

INFLATION ADJUSTED REVIEWED

5%  
Revenue

6%  
EBITDA

4%  
Profit Before Tax

## SALIENT FEATURES

HISTORICAL UNAUDITED

81%  
Revenue

39%  
EBITDA

72%  
Profit Before Tax

## CHAIRMAN'S STATEMENT

### REVIEW OF OPERATING ENVIRONMENT

The operating environment remains hyperinflationary with significant increases in the price of fuel and other basic commodities being witnessed. Widely reported backlogs on the foreign currency auction system have resulted in cash flow strain for both foreign and local currency for most businesses.

The persistent global supply chain disruptions and attendant costs were worsened during the period by the Russia/Ukraine war resulting in the unavailability, or where available, exorbitant costs of raw materials, fertilizers, and some agricultural commodities such as wheat.

The outturn of the 2021/22 rainy season was erratic with some areas experiencing delayed rains and prolonged dry spells after crops had been planted, whilst other areas experienced hailstorms resulting in the largest hail insurance payouts for the tobacco industry in many years. National maize volumes are forecast to be well below initial expectations.

The tobacco marketing season commenced on 30 March 2022, and after a month of sales, indications are that national tobacco volumes will be between 10% - 15% lower than the initial forecasts and the 211 million kgs purchased in the previous year. Pricing of the tobacco crop to date, has been firmer than in prior year as significant off-taker nations replenish their inventories and production volumes from South America are lower than anticipated.

### PERFORMANCE OVERVIEW

#### Financial Overview - Inflation adjusted

The Directors encourage users to exercise caution in the interpretation of the Group's abridged financial statements given the multiplicity of exchange rates prevalent in the marketplace which feed into the ZWL cost structure of the business, whilst the Group's foreign currency earnings are translated at the auction rate.

Revenue at ZWL\$3 billion is 5% above prior year and inflation adjusted profit before tax for the period is 4% below comparative period. The impact of the real increases in operating costs owing to the operating environment cannot be ignored, however, the Group continues to take stringent measures to contain costs through investment in technology, manufacturing and exploiting operational efficiencies. As of 30 April 2022, the tobacco marketing season had run for one month, and the peak of the season is expected in the Group's third quarter.

The Group's financial position remains solid. Local borrowings have been increased during the period to fund strategic initiatives. Interest cover remains adequate. Positive cash flows were generated from operations in the period and reinvested in the business and used to pay dividends to shareholders. The Group, supported by its customer base, has been able to restock agricultural chemicals at Agricura and hessian wraps at Propak, purchase productive assets across the business units and construct a new 9,000 square metre warehouse in Mvurwi for expanding the tobacco contract management business in line with the Group's decentralization drive.

### VOLUMES OVERVIEW

#### Agricultural Operations

##### Tobacco related services

The tobacco marketing season commenced on 30 March 2022, a week earlier than in the previous year. Tobacco Sales Floor (TSF) handled 6.5 million kgs in the period 12% below the comparative period due to a general slow start of the season. TSF opened a new floor in Mvurwi to handle tobacco for contractors, adding to the business' existing decentralized operations in Marondera and Karoi.

Propak's hessian volumes were 28% below prior year due to the slow start of the tobacco marketing season coupled with tobacco merchants adjusting the timing of the distribution of hessian to their farmers. Volumes are expected to improve in the third quarter as the tobacco season enters its peak period. The business invested in a new tobacco paper manufacturing line which was commissioned in December 2021. This move was taken to reduce the cost of tobacco paper for the market whilst retaining the quality. The uptake of tobacco paper by the market has been pleasing with volumes 23% above prior year.

##### Agricultural trading

Volumes at Agricura across most product lines have been satisfactory, albeit depressed, given the erratic outturn of the summer cropping season. The business was negatively impacted by the extended global supply chain challenges which resulted in some raw materials and imported finished product not being available when required. Restocking for the ensuing season has therefore already commenced. Fertilizer volumes were, however, 14% above prior year due to product shortages in the market.

##### Farming operations

Commercial maize, seed maize and soya bean yields are expected to be satisfactory. Banana plantation yields have improved during the period, having fully recovered from the impact of water shortages in the previous season. The business has produced a decent quality tobacco crop and prices to date are firmer than in the previous year. Some of the tobacco was affected by a hailstorm but was fully insured.

#### Logistics Operations

##### End to end logistics services

Volumes in the Logistics business have been mixed. Tobacco handling volumes were 27% behind prior year due to a slow start to the tobacco season but are expected to improve as the tobacco marketing season progresses. BAK Logistics continues to handle and facilitate the movement of tobacco from decentralized tobacco floors to processors in Harare. General cargo volumes and freight clearing entries were 24% and 2% below prior year, respectively. There has been a sizeable increase in volumes handled through the Ports division owing to the satisfactory progress being made in running a monthly train from Maputo to Harare through Bak Logistics partnership with Unitrans and DP World. This area is expected to contribute significantly to the business as the rail operations are scaled up. Premier Forklift division recorded a 4% volume growth from new customers that have been signed up.

##### Vehicle rental services

Avis' rental days are 75% ahead of comparative period due to the relaxation of lockdown measures and subsequent improvement of international travel.

##### Real Estate Operations

The business successfully completed the construction of a new 4,500 square metre warehouse facility in Mvurwi to aid TSF in expanding its decentralized tobacco contract management operations. This will be expanded by another 4,500 square metre warehouse in the second half of the year. The Company has also deliberately kept an existing facility in Harare vacant, in preparation for construction of a sizeable warehousing development in the later part of the year. Voids have consequently temporarily increased to 37%. These strategic investments are being undertaken to improve operating efficiencies and enhance long-term returns.

### OUTLOOK

The Group continues to pursue its "moving agriculture" strategy and invest accordingly. The gestation period of the different initiatives varies; however the impact of the investments is evident. These strategic investments are expected to enhance group earnings, shareholder returns, the Group's long-term value proposition and strengthen the Group's balance sheet.

Investment in some key strategic initiatives undertaken in the first half of the year have already started bearing fruit and are expected to continue growing the business into the future.

The aforementioned difficulties in the operating environment will be managed to the extent possible to ensure continued value creation and preservation.

### DIVIDEND

At their meeting held on 22 June 2022, the Directors declared an interim dividend of ZWL134 cents per share payable in respect of all ordinary shares of the Company. This dividend is in respect of the financial year ending 31 October 2022 and will be payable in full to all shareholders of the Company registered at close of business on 15 July 2022.

The payment of this dividend will take place on or about 18 July 2022. The shares of the Company will be traded cum-dividend on the stock exchange up to the market day of 12 July 2022 and ex dividend as from 13 July 2022.

For and on behalf of the Board



A. S. Mandiwanza  
(Chairman)  
22 June 2022

## GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

Six Months Ended 30 April 2022

|   | Inflation adjusted               |                                  | Historical cost                   |                                   |
|---|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
|   | 30 April 2022<br>Reviewed<br>ZWL | 30 April 2021<br>Reviewed<br>ZWL | 30 April 2022<br>Unaudited<br>ZWL | 30 April 2021<br>Unaudited<br>ZWL |
| Revenue   | 3,069,904,827                    | 2,929,510,417                    | 2,531,371,925                     | 1,401,741,241                     |
| Profit from operations                                      | 889,326,768                      | 1,419,292,576                    | 671,400,752                       | 666,735,213                       |
| Net exchange differences                                    | 109,366,073                      | (37,548,278)                     | 237,651,036                       | (14,905,430)                      |
| Net monetary gain   | 328,889,285                      | 33,032,691                       | -                                 | -                                 |
| Fair value adjustments and impairments                      | 221,807,285                      | 179,823,834                      | 428,605,678                       | 106,749,584                       |
| Depreciation and amortisation                               | (298,383,463)                    | (349,077,524)                    | (61,106,625)                      | (42,183,976)                      |
| Net finance costs   | (159,206,173)                    | (102,437,293)                    | (130,994,213)                     | (49,453,985)                      |
| Profit before tax   | 1,091,799,775                    | 1,143,086,006                    | 1,145,556,628                     | 666,941,406                       |
| Income tax charge   | (350,761,470)                    | (225,079,174)                    | (112,411,503)                     | (159,644,023)                     |
| Profit for the period                                       | 741,038,305                      | 918,006,832                      | 1,033,145,125                     | 507,297,383                       |
| Attributable to:  |                                  |                                  |                                   |                                   |
| Equity holders of the parent                                | 671,910,289                      | 715,303,121                      | 1,032,444,016                     | 446,997,738                       |
| Non-controlling interest                                    | 69,128,016                       | 202,703,711                      | 701,109                           | 60,299,645                        |
|   | 741,038,305                      | 918,006,832                      | 1,033,145,125                     | 507,297,383                       |
| Number of shares in issue                                   | 357,102,445                      | 357,102,445                      | 357,102,445                       | 357,102,445                       |
| Earnings per share (cents)                                  | 188                              | 200                              | 289                               | 125                               |
| Headline earnings per share (cents)                         | 138                              | 227                              | 149                               | 148                               |
| Interest cover  | 8                                | 14                               | 7                                 | 13                                |
| EBITDA  | 1,327,582,126                    | 1,414,776,989                    | 909,051,788                       | 651,829,783                       |
| Other comprehensive income:                                 |                                  |                                  |                                   |                                   |
| To be reclassified to profit or loss in subsequent periods: |                                  |                                  |                                   |                                   |
| Translation of a foreign subsidiary                         | 6,278,724                        | 4,685,177                        | 59,817,755                        | 2,385,528                         |
| Total other comprehensive income, net of tax                | 6,278,724                        | 4,685,177                        | 59,817,755                        | 2,385,528                         |
| Total comprehensive income                                  | 747,317,029                      | 922,692,009                      | 1,092,962,880                     | 509,682,911                       |
| Attributable to:  |                                  |                                  |                                   |                                   |
| Equity holders of the parent                                | 678,189,013                      | 719,988,298                      | 1,092,261,771                     | 449,383,266                       |
| Non-controlling interest                                    | 69,128,016                       | 202,703,711                      | 701,109                           | 60,299,645                        |
|   | 747,317,029                      | 922,692,009                      | 1,092,962,880                     | 509,682,911                       |
| Capital commitments - authorised but not contracted for     | 1,931,684,340                    | 983,545,998                      | 1,529,805,426                     | 167,270,125                       |
| Depreciation on property, plant and equipment               | (298,383,463)                    | (349,077,524)                    | (61,106,625)                      | (42,183,976)                      |

## GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

As at 30 April 2022

|  | Inflation adjusted               |                               | Historical cost                   |                                 |
|--|----------------------------------|-------------------------------|-----------------------------------|---------------------------------|
|  | 30 April 2022<br>Reviewed<br>ZWL | 31 Oct 2021<br>Audited<br>ZWL | 30 April 2022<br>Unaudited<br>ZWL | 31 Oct 2021<br>Unaudited<br>ZWL |
| ASSETS                                   |                                  |                               |                                   |                                 |
| Non-current assets                       |                                  |                               |                                   |                                 |
| Property, plant and equipment            | 4,905,401,394                    | 5,091,490,817                 | 2,354,846,508                     | 1,934,653,894                   |
| Investment properties                    | 5,028,452,898                    | 5,028,452,898                 | 2,658,535,772                     | 2,658,535,772                   |
| Intangible assets                        | 84,283,571                       | 88,887,007                    | 10,943,554                        | 11,234,254                      |
| Right of use assets                      | 295,704,892                      | 350,246,512                   | 77,025,546                        | 78,402,636                      |
|  | 10,313,842,755                   | 10,559,077,234                | 5,101,351,380                     | 4,682,826,556                   |
| Current assets                           |                                  |                               |                                   |                                 |
| Biological assets                        | 200,166,595                      | 86,869,463                    | 200,166,595                       | 56,080,996                      |
| Inventories                              | 1,297,620,568                    | 1,247,848,845                 | 508,572,403                       | 425,743,416                     |
| Inventory prepayments                    | 79,726,830                       | 299,560,233                   | 59,906,367                        | 165,149,219                     |
| Trade and other receivables              | 1,409,708,947                    | 1,216,232,447                 | 844,462,393                       | 719,269,717                     |
| Financial assets held-for-trading        | 591,578,357                      | 310,743,042                   | 591,578,356                       | 200,608,806                     |
| Cash and bank balances                   | 663,514,521                      | 569,267,400                   | 663,514,521                       | 367,506,392                     |
|  | 4,242,315,818                    | 3,730,521,430                 | 2,868,200,635                     | 1,934,358,546                   |
| Total assets                             | 14,556,158,573                   | 14,289,598,664                | 7,969,552,015                     | 6,617,185,102                   |
| EQUITY AND LIABILITIES                   |                                  |                               |                                   |                                 |
| Equity                                   |                                  |                               |                                   |                                 |
| Issued share capital and premium         | 477,849,535                      | 477,849,535                   | 6,469,825                         | 6,469,825                       |
| Non-distributable reserves               | 1,324,758,313                    | 1,318,270,843                 | 1,248,126,767                     | 1,188,143,077                   |
| Retained earnings                        | 8,993,337,686                    | 8,386,749,490                 | 4,206,391,426                     | 3,234,898,796                   |
| Attributable to equity holders of parent | 10,795,945,534                   | 10,182,869,868                | 5,460,988,018                     | 4,429,511,698                   |
| Non-controlling interest                 | 586,242,358                      | 517,114,342                   | 111,286,277                       | 110,585,168                     |
| Total equity                             | 11,382,187,892                   | 10,699,984,210                | 5,572,274,295                     | 4,540,096,866                   |
| Non-current liabilities                  |                                  |                               |                                   |                                 |
| Interest bearing loans and borrowings    | 487,438                          | 951,622                       | 487,438                           | 614,346                         |
| Deferred tax liabilities                 | 1,114,394,816                    | 936,636,123                   | 335,481,771                       | 365,644,587                     |
| Lease liability                          | 50,694,258                       | 93,320,312                    | 50,694,258                        | 60,245,520                      |
|  | 1,165,576,512                    | 1,030,908,057                 | 386,663,467                       | 426,504,453                     |
| Current liabilities                      |                                  |                               |                                   |                                 |
| Interest bearing loans and borrowings    | 695,567,898                      | 387,248,678                   | 695,567,898                       | 249,999,144                     |
| Bank overdraft                           | 113,689,603                      | 86,495,918                    | 113,689,603                       | 55,839,844                      |
| Provisions                               | 67,015,697                       | 71,971,590                    | 67,931,573                        | 46,463,256                      |
| Trade and other payables                 | 706,460,470                      | 861,468,885                   | 706,460,470                       | 554,884,941                     |
| Income tax payable                       | 362,999,299                      | 1,098,902,629                 | 364,303,503                       | 709,427,133                     |
| Lease liability                          | 62,661,202                       | 52,618,701                    | 62,661,206                        | 33,969,465                      |
|  | 2,008,394,169                    | 2,558,706,397                 | 2,010,614,253                     | 1,650,583,783                   |
| Total equity and liabilities             | 14,556,158,573                   | 14,289,598,664                | 7,969,552,015                     | 6,617,185,102                   |
| Current ratio                            | 2.1                              | 1.5                           | 1.4                               | 1.2                             |







# TSL Limited Abridged Group Reviewed Results For The Six Months Ended 30 April 2022

The Directors of TSL Limited are pleased to announce the abridged reviewed results for the six months ended 30 April 2022.



## GROUP ABRIDGED STATEMENT OF CASH FLOWS

Six Months Ended 30 April 2022

|   | Inflation adjusted               |                                  | Historical cost                   |                                   |
|---|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|
|   | 30 April 2022<br>Reviewed<br>ZWL | 30 April 2021<br>Reviewed<br>ZWL | 30 April 2022<br>Unaudited<br>ZWL | 30 April 2021<br>Unaudited<br>ZWL |
| <b>OPERATING ACTIVITIES</b>   |                                  |                                  |                                   |                                   |
| Profit before interest and tax  | 1,251,005,948                    | 1,245,523,301                    | 1,276,550,841                     | 716,395,391                       |
| Non-cash adjustments to reconcile profit before tax to net cash flows | (415,979,720)                    | 193,117,097                      | (365,385,410)                     | 24,961,793                        |
|   | 835,026,228                      | 1,438,640,398                    | 911,165,431                       | 741,357,184                       |
|   | (35,213,576)                     | (458,186,195)                    | (358,598,675)                     | (213,215,568)                     |
| Net increase in working capital                                       | 799,812,652                      | 980,454,203                      | 552,566,756                       | 528,141,616                       |
| Operating cash flow   | (159,206,173)                    | (102,437,293)                    | (130,994,213)                     | (49,453,985)                      |
| Net finance costs paid  | (169,566,202)                    | (182,297,914)                    | (151,005,862)                     | (89,266,172)                      |
| Income tax paid   | 471,040,277                      | 695,718,996                      | 270,566,681                       | 389,421,459                       |
| Net cash generated from operating activities                          |                                  |                                  |                                   |                                   |
| <b>INVESTING ACTIVITIES</b>   |                                  |                                  |                                   |                                   |
| Purchase of property, plant and equipment and investment properties   | (559,768,478)                    | (509,383,291)                    | (463,518,902)                     | (239,645,026)                     |
| Proceeds on disposal of property, plant and equipment                 | 9,558,442                        | 4,396,433                        | 8,178,412                         | 2,156,148                         |
| Net cash used in investing activities                                 | (550,210,036)                    | (504,986,858)                    | (455,340,490)                     | (237,488,878)                     |
| <b>FINANCING ACTIVITIES</b>   |                                  |                                  |                                   |                                   |
| Net increase in borrowings  | 174,029,895                      | 95,600,163                       | 430,258,269                       | 47,969,331                        |
| Dividends paid to equity holders of parent                            | (65,322,094)                     | (196,377,781)                    | (60,951,385)                      | (99,988,687)                      |
| Lease liability principal payment                                     | (28,262,549)                     | (28,296,495)                     | (16,366,014)                      | (13,483,461)                      |
| Net cash used in financing activities                                 | 80,445,252                       | (129,074,113)                    | 352,940,870                       | (65,502,817)                      |
| Net increase in cash and cash equivalents                             | 1,275,493                        | 61,658,025                       | 168,167,061                       | 86,429,764                        |
| Net exchange gains  | 129,077,027                      | 19,029,640                       | 129,077,027                       | -                                 |
| Effects of inflation  | (63,299,083)                     | (40,864,483)                     | -                                 | -                                 |
| Cash and cash equivalents at the beginning of the period              | 482,771,481                      | 725,910,548                      | 311,666,548                       | 303,455,026                       |
| Cash and cash equivalents at the end of the period                    | 549,824,918                      | 765,733,730                      | 608,910,636                       | 389,884,790                       |
| <b>Represented by:</b>  |                                  |                                  |                                   |                                   |
| Cash and bank balances  | 663,514,521                      | 872,975,760                      | 663,514,521                       | 444,488,675                       |
| Bank overdraft  | (113,689,603)                    | (107,242,030)                    | (54,603,885)                      | (54,603,885)                      |
|   | 549,824,918                      | 765,733,730                      | 608,910,636                       | 389,884,790                       |

## GROUP STATEMENT OF CHANGES IN EQUITY

Six Months Ended 30 April 2022

|                                   | 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 |
|-----------------------------------|--------------------------------------|--------------------------------|-----------------------|--|------------------------------|------------------|
| <b>INFLATION ADJUSTED AUDITED</b> |                                      |                                |                       |  |                              |                  |
| Balance at 1 November 2020        | 477,849,535                          | 1,010,431,259                  | 7,769,250,646         | 9,257,531,440  | 463,892,533                  | 9,721,423,973    |
| Profit for the period             | -                                    | -                              | 964,327,513           | 964,327,513  | (6,049,564)                  | 958,277,950      |
| Other comprehensive income        | -                                    | 305,697,989                    | -                     | 305,697,989  | 59,271,373                   | 364,969,362      |
| Total comprehensive income        | -                                    | 305,697,989                    | 964,327,513           | 1,270,025,502  | 53,221,809                   | 1,323,247,312    |
| Ordinary dividend                 | -                                    | -                              | (346,828,668)         | (346,828,668)  | -                            | (346,828,668)    |
| Employee share option expense     | -                                    | 2,141,595                      | -                     | 2,141,595  | -                            | 2,141,595        |
| Balance at 31 October 2021        | 477,849,535                          | 1,318,270,843                  | 8,386,749,491         | 10,182,869,869   | 517,114,342                  | 10,699,984,212   |
| Profit for the period             | -                                    | -                              | 671,910,289           | 671,910,289  | 69,128,016                   | 741,038,305      |
| Employee share option expense     | -                                    | 208,746                        | -                     | 208,746  | -                            | 208,746          |
| Other comprehensive income        | -                                    | 6,278,724                      | -                     | 6,278,724  | -                            | 6,278,724        |
| Total comprehensive income        | -                                    | 6,487,470                      | 671,910,289           | 678,397,759  | 69,128,016                   | 747,525,775      |
| Ordinary dividend                 | -                                    | -                              | (65,322,094)          | (65,322,094)   | -                            | (65,322,094)     |
| Balance at 30 April 2022          | 477,849,535                          | 1,324,758,313                  | 8,993,337,686         | 10,795,945,534   | 586,242,358                  | 11,382,187,892   |

### HISTORICAL COST

|                               |           |               |               |               |             |               |
|-------------------------------|-----------|---------------|---------------|---------------|-------------|---------------|
| Balance at 1 November 2020    | 6,469,825 | 864,356,895   | 2,000,256,284 | 2,871,083,004 | 83,918,592  | 2,955,001,597 |
| Profit for the period         | -         | -             | 1,433,952,751 | 1,433,952,751 | 609,009     | 1,434,561,760 |
| Other comprehensive income    | -         | 322,695,829   | -             | 322,695,829   | 26,057,567  | 348,753,396   |
| Total comprehensive income    | -         | 322,695,829   | 1,433,952,751 | 1,756,648,580 | 26,666,576  | 1,783,315,156 |
| Ordinary dividend             | -         | -             | (199,310,239) | (199,310,239) | -           | (199,310,239) |
| Employee share option expense | -         | 1,090,352     | -             | 1,090,352     | -           | 1,090,352     |
| Balance at 31 October 2021    | 6,469,825 | 1,188,143,076 | 3,234,898,796 | 4,429,511,697 | 110,585,168 | 4,540,096,866 |
| Profit for the period         | -         | -             | 1,032,444,015 | 1,032,444,015 | 701,109     | 1,033,145,124 |
| Employee share option expense | -         | 165,935       | -             | 165,935       | -           | 165,935       |
| Other comprehensive income    | -         | 59,817,755    | -             | 59,817,755    | -           | 59,817,755    |
| Total comprehensive income    | -         | 59,983,690    | 1,032,444,015 | 1,092,427,705 | 701,109     | 1,093,128,814 |
| Ordinary dividend             | -         | -             | (60,951,385)  | (60,951,385)  | -           | (60,951,385)  |
| Balance at 30 April 2022      | 6,469,825 | 1,248,126,766 | 4,206,391,426 | 5,460,988,017 | 111,286,277 | 5,572,274,295 |

## NOTES TO THE FINANCIAL RESULTS

Six Months Ended 30 April 2022

### 1. BASIS OF PREPARATION

The financial results have been prepared based on statutory records which are maintained on a historical cost basis except for certain biological assets and financial instruments that are measured at fair value, and have been adjusted to fully comply with IFRS; these adjustments include restatements of financial information to reflect the effects of the application of International Accounting Standard (IAS) 29 “Financial Reporting in Hyperinflationary Economies”.

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

\*The historical cost numbers are shown as supplementary information. This information does not comply with International Financial Reporting Standards as it has not taken account of the requirements of International Accounting Standard 29: Financial Reporting for Hyperinflationary Economies. As a result, the auditors have not issued a review conclusion on the historical cost financial information.

### 2. STATEMENT OF COMPLIANCE

The Groups consolidated financial statements which are summarised by these Group financial results have been prepared in compliance with international Accounting Standards (IAS)34 Interim Financial Reporting promulgated by the International Accounting Standards Board (IASB), as well as the requirements of the Companies and Other Business Entities Act (Chapter 24:31),the Zimbabwe Stock Exchange rules and the relevant Statutory Instruments.

Inflation adjusted financial statements have been drawn up using the conversion factors derived from the consumer price index (CPI) prepared by the Zimbabwe Central Statistical Office.

|                           | Index | Conversion factor |
|---------------------------|-------|-------------------|
| CPI as at 30 April 2022   | 5,507 | 1.0               |
| CPI as at 31 October 2021 | 3,556 | 1.549             |
| CPI as at 30 April 2021   | 2,804 | 1.964             |

### 3. ACCOUNTING POLICIES

The accounting policies are consistent with those used in preparing the 31 October 2021 Group financial statements.

### 4. AUDITORS STATEMENT

The accompanying condensed consolidated interim financial statements of TSL Limited for the six months to 30 April 2022 have been reviewed by PricewaterhouseCoopers Chartered Accountants (Zimbabwe) who have issued an adverse review conclusion thereon. The review conclusion has been made available to management and those charged with governance of TSL Limited. The engagement partner responsible for this review is Mr Tinashe Rwodzi. The report on the review of interim financial information and the condensed consolidated interim financial statements of TSL Limited are available for inspection at the registered offices of TSL Limited.

### 5. EVENTS AFTER THE REPORTING DATE

There are no reportable events after the reporting date.

### 6. NET FINANCE COSTS

| INFLATION ADJUSTED   | Six Months Ended<br>30 April 2022<br>Reviewed<br>ZWL\$ | Six Months Ended<br>30 April 2021<br>Reviewed<br>ZWL\$ |
|--|--|--|
| The major components of net financing costs are shown below: |  |  |
| Interest payable on borrowings                               | (159,206,173)  | (102,504,246)  |
| Interest receivable on money market instruments              | -  | 66,953   |
| Net finance costs in profit or loss                          | (159,206,173)  | (102,437,293)  |
| 7. TAXATION  |  |  |
| Current income tax charge                                    | (173,002,777)  | (313,540,861)  |
| Deferred tax charge  | (177,758,693)  | 88,461,687   |
| Income tax expense in profit or loss                         | (350,761,470)  | (225,079,174)  |

### 8. BORROWINGS

The terms and conditions of the borrowings are as below:

| Authorised in terms of Articles of Association             |                          |             | 14,931,230,470         | 11,776,209,775       |
|--|--------------------------|-------------|------------------------|----------------------|
| Interest bearing loans and borrowings                      | Interest rate%           | Maturity    | 30 April 2022<br>ZWL\$ | 31 Oct 2021<br>ZWL\$ |
| <b>Current interest bearing loans and borrowings:</b>      |                          |             |                        |                      |
| Bank borrowings  | 48%-65% (2021 : 35%-55%) | 2022        | 695,567,898            | 387,248,674          |
| <b>Non-current interest bearing loans and borrowings:</b>  |                          |             |                        |                      |
| Bank borrowings  | 45%-65% (2021 : 35%-45%) | 2022 - 2023 | 487,438                | 951,622              |
| <b>Total interest bearing loans and borrowings</b>         |                          |             | <b>696,055,336</b>     | <b>388,200,296</b>   |
| Actual borrowings as a percentage of authorised borrowings |                          |             | 5%                     | 3%                   |

### Secured loans

The Group has pledged part of its freehold property with a carrying amount of ZWL\$3 billion (31 October 2021: ZWL\$3 billion) 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.

### 9. GROUP ABRIDGED SEGMENT RESULTS

#### INFLATION ADJUSTED

For the Six Months ended 30 April 2022

|  | Logistics Operations | Agriculture Operations | Real Estate Operations | Services      | Eliminations  | Consolidated    |
|--|----------------------|------------------------|------------------------|---------------|---------------|-----------------|
| Revenue-external customers             | 1,110,217,661        | 1,920,153,548          | 300,787,495            | 152,474,505   | (413,728,382) | 3,069,904,827   |
| Depreciation and amortisation          | (83,277,145)         | (158,967,047)          | (39,823,846)           | (16,315,425)  | -             | (298,383,463)   |
| Segment profit/ (loss)                 | 100,937,814          | 625,277,466            | 194,132,630            | (31,021,142)  | -             | 889,326,768     |
| Operating assets                       | 1,131,629,107        | 4,998,317,356          | 7,228,094,130          | 1,198,117,980 | -             | 14,556,158,573  |
| Operating liabilities                  | (717,912,240)        | (764,897,231)          | (947,139,747)          | (744,021,463) | -             | (3,173,970,681) |
| Other disclosures:                     |                      |                        |                        |               |               |                 |
| Held-for-trading investments           | -                    | -                      | -                      | 591,578,357   | -             | 591,578,357     |
| Capital expenditure                    | 77,206,483           | 112,213,332            | 360,633,384            | 9,715,280     | -             | 559,768,479     |
| For the six months ended 30 April 2021 |                      |                        |                        |               |               |                 |
| Revenue-external customers             | 932,759,486          | 2,077,225,578          | 321,323,828            | 73,887,135    | (475,685,610) | 2,929,510,417   |
| Depreciation and amortisation          | (117,997,554)        | (200,756,293)          | (14,017,632)           | (16,306,045)  | -             | (349,077,524)   |
| Segment profit/ (loss)                 | 52,967,691           | 1,185,344,987          | 225,757,965            | (44,778,067)  | -             | 1,419,292,576   |
| Operating assets                       | 1,133,910,001        | 4,508,905,757          | 7,568,584,486          | 493,629,515   | -             | 13,705,029,759  |
| Operating liabilities                  | (1,274,023,491)      | (1,385,952,074)        | (258,931,683)          | (670,697,209) | -             | (3,589,604,457) |
| Other disclosures:                     |                      |                        |                        |               |               |                 |
| Investment held-for-sale               | -                    | -                      | -                      | 174,429,828   | -             | 174,429,828     |
| Capital expenditure                    | 98,543,714           | 148,424,608            | 261,982,461            | 432,508       | -             | 509,383,291     |



## SUSTAINABLE LOGISTICS

Bak Logistics through its partners is operating train services linking Harare and Maputo. This train can move 100 containers (20ft) within 3 days over a distance of 1400 Km which effectively replaces 100 trucks:

- Reducing Carbon foot print
- Reducing demurrage charges
- Eliminating boarder delays
- Reducing freight risk
- Reducing road accidents

Add: 106 Dartford Road, Willowvale Harare, Zimbabwe  
Tel: +263 242620075/+263 8677006054  
App: + 263 776822666  
Email: marketing@baklogistics.co.zw





## Report on review of interim financial information

### To the shareholders of TSL Limited

#### Introduction

We have reviewed the condensed consolidated interim financial statements of TSL Holdings Limited (the "Company") and its subsidiaries (together the Group"), contained in the accompanying interim report, which comprise the condensed consolidated interim statement of financial position as at 30 April 2022 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-months then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information. The directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting' and the Zimbabwe Stock Exchange Listing Requirements. Our responsibility is to express a conclusion on this condensed consolidated interim 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 conclusion

An adverse conclusion and an adverse opinion respectively, was issued on the interim consolidated financial statements as at 30 April 2021 and for the period then ended, as well as at 31 October 2021 and for the year then ended, due to the use of foreign currency exchange rates that were not considered to be appropriate spot rates for translation of foreign denominated transactions and balances, as well as in relation to the translation of the foreign denominated financial information of foreign subsidiaries that have been consolidated, as required by International Accounting Standard ("IAS") 21, '*The Effects of Changes in Foreign Exchange Rates*' ("IAS 21"), the effects of the Group's change in its functional currency on 22 February 2019 which is not in compliance with IAS 21 which would have required a functional currency change on 1 October 2018 and the inappropriate application of IAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*' ("IAS 8"), and its consequential effects on the hyperinflationary adjustments made in terms of IAS 29, '*Financial Reporting in Hyperinflationary Economies*' ("IAS 29"). The conclusion and the opinion were further modified due to the impact of using United States of America dollar ("US\$") valuation inputs rather than local currency valuation inputs, and then translating the value so derived to ZWL using foreign exchange rates that did not comply with IAS 21, when valuing investment properties, and freehold land and buildings included in property, plant and equipment ("the properties").

PricewaterhouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant  
P O Box 453, Harare, Zimbabwe  
T: +263 (4) 338362-8, F: +263 (4) 338395, [www.pwc.com](http://www.pwc.com)

T I Rwodzi – Senior Partner

The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Partners' names is available for inspection.

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

The misstatements described in the paragraph above with respect to the application of IAS 21 affect the historical amounts which are used in the calculation of the inflation adjusted amounts. Had the Group changed its functional currency in accordance with the requirements of IAS 21 and amounts retrospectively restated in accordance with the requirements of IAS 8, and then inflation adjusted in accordance with IAS 29 as at 30 April 2022, property and equipment, intangible assets, inventory and retained earnings in the accompanying interim condensed group financial statements as at 30 April 2022, and the related cost of sales, depreciation and amortisation within the condensed group statement of profit or loss and other comprehensive income for the six-month period then ended, would have been materially restated. It was not practicable to quantify the financial effects of this matter on the interim condensed group financial statements for the six-months period ended 30 April 2022.

The opening and closing balances of the properties as at 1 November 2021 and 30 April 2022 respectively, recognised in the condensed group statement of financial position, the asset revaluation reserve included in non-distributable reserves recognised in the condensed group statement of changes in equity, and the related fair value and revaluation adjustments recognised in the condensed group statement of profit or loss and other comprehensive income for the period then ended are misstated as a result of the misstatement described above with respect to the valuation of the properties in the prior period, prior year and current period. It was not practicable to quantify the financial impact of this misstatement on the interim condensed group financial position and financial performance as at 30 April 2022, and for the six-month period then ended. This has also had an impact on the comparability of the current year's figures to that of the comparative period.

### **Adverse conclusion**

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



Tinashe I Rwodzi  
Registered Public Auditor  
Public Accountants and Auditors Board, Public Auditor Registration Number 100  
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253172  
Partner for and on behalf of  
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

27 June 2022

Harare, Zimbabwe