TSL Limited Abridged Audited Results For The Year Ended 31 October 2022

The Directors of TSL Limited are pleased to announce the abridged audited results for the year ended 31 October 2022

SALIENT FEATURES

Inflation

Revenue	Operating Profit	PBT excl. FVIP
26%↑	216%↑	177%↑

Historical

Revenue	Operating Profit	PBT excl. FVIP
238%↑	767%↑	249%↑

CHAIRMAN'S STATEMENT

REVIEW OF THE ECONOMIC ENVIRONMENT

The operating environment remained complex characterised by significant inflationary pressure and currency instability. In response to inflationary pressures, several monetary policy interventions were introduced by authorities in respect of local currency interest rates and money supply management. These resulted in receding inflation in the last quarter of the financial year.

The ongoing conflict in Eastern Europe negatively affected local business sentiment, with supply side disruptions resulting in cost pressures across global and local markets.

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 pay-outs for the tobacco industry in many years.

National tobacco volumes closed at 212.7 million kgs marginally above prior year volumes of 211.1 million kgs. The tobacco national average price closed at US$3.06/kg, 10% ahead of prior year. The independently grown tobacco crop closed at 6% of the national crop.

PERFORMANCE OVERVIEW

Notwithstanding the challenging trading conditions, the Group achieved good volume growth across most business units against the comparative year. Inflation adjusted revenue for the year was up 26% on prior year underpinned by strong volume performance. As in prior year, the Group continued to earn a portion of its revenue 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 a significant increase in operating expenses. Operating profit before fair value adjustments was subsequently 26% below last year. Finance costs increased by 162% on prior year largely attributable to interest rate hikes by the Monetary Authorities. Consequently the Group moved to extinguish its ZWL denominated facilities to take advantage of more sustainable financing.

The Group continues to prioritise the preservation of shareholder value. Gearing level remained low with adequate interest cover after reduction of ZWL loan exposures that had unsustainably high interest rates.

Property valuations

In the current year, an independent valuation of the Group's property portfolio was done by Dawn Property Consultants based on ZWL inputs, which became available as at 31 October 2022. The property portfolio was valued at ZWL39 billion, which is a significant increase on the more conservation director's valuation adopted in prior years in the absence of ZWL inputs. The USD value of the Group properties increased by 9% from last year.

Note to users of financial statements

The Group's consolidated financial statements have not 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 23.1 mkg of tobacco in the year on the back of a smaller crop and a shrinking independent grown crop against 24.3 mkg in prior year, a 5% decline. The strategy to serve the much larger contracted tobacco market is yielding fruit, with 62% of the total volumes handled coming from this segment. The business successfully opened a new floor in Mvurwi and the volumes therefrom were pleasing. This complements the business' decentralized operations in Karoi and Marondera which were opened in 2021. TSF continued to hold the largest market share in the independent auction segment (71%) and achieved the highest seasonal average price of US$3.24 (up from US$2.86 recorded last year) against the national average price of US$3.06.

Propak hessian volumes were 15% below prior year owing to a reduction in the independent auction segment. The new tobacco paper manufacturing line, which was commissioned in prior year produced a high quality, competitively priced paper that the market responded to positively. Paper volumes consequently grew by 24%. This strategic move is in line with the Group's sustainability drive.

Agricultural trading

Agricura's volume performance for the year was mixed. Whilst some product lines performed better than the previous year on the back of product availability and competitive pricing, other product lines were not available due to inordinately long lead times caused by global supply chain disruptions. There was slow progress in export volumes into Botswana. The Company is therefore exploring a better route to market. During the current year the Company successfully registered a sizeable number of products in Zambia and exports are expected to commence in the second quarter of the 2023 financial year.

Farming Operations

In the farming operations, yields were up on prior year on wheat and commercial maize. The improved water and weather conditions resulted in banana plantation production growing by 27%. Tobacco yields were 14% lower than prior year due to a hail strike, however improved tobacco quality resulted in very pleasing prices being achieved.

Logistics Operations

End to end logistics services

The introduction of a reliable rail service between Harare and Maputo since August 2021 by Bak Logistics in partnership with DP World and Unitrans increased volumes in the Ports division by 117%. This is expected to grow as the business commenced a rail service for exporters during the last quarter of the financial year. The business unit started handling sulphur coming through rail into Zimbabwe for export into Zambia via road.

General cargo volumes were significantly ahead of prior year due to improved fertilizer volumes. Green tobacco handling volumes increased by 32% due to the new floor opened in Mvurwi coupled with the provision of handling services to new tobacco clients. The FMCG business continued to be affected by global supply chain challenges and hence, volumes were depressed. Transport division volumes were 9% ahead of prior year due to increase in volumes for tobacco bales transportation from decentralised tobacco floors.

Premier Forklift volumes were 4% ahead of prior year due to additional business from new clients. Forklift sales also significantly increased in the year as more clients resumed capital expenditure.

Vehicle rental

Avis' rental days were 71% ahead of prior year as lockdown restrictions eased resulting in increased international arrivals.

Real Estate Operations

Certain properties were deliberately kept vacant for redevelopment in the later part of the financial year in line with the Group's strategic initiative to create fit-for-purpose, modern infrastructure that facilitates the movement of agriculture. Consequently, the level of voids remains satisfactory. Additional warehousing space is currently under construction in response to existing demand and is expected to be added to the property portfolio in the coming financial year.

Commodities Exchange

ZMX brings an orderly, digitalized marketplace platform for trading and funding of agricultural commodities. Operations of this entity are still in their infancy and efforts continued to be directed to scale up volumes. The entity was licenced to trade 49 commodities including grains, cereals ,pulses, horticulture and livestocks.

Sustainability

The Group is committed to ensuring sustainability of the business and is guided by Global Reporting Initiative protocol and ISO 26000 for Social Responsibility. The Group aims to create sustainable economic value by pursuing a long-term approach to environmental stewardship, social responsibility, and corporate governance.

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.

Investments in strategic initiatives are ongoing. The gestation period of strategic investments varies; however, the impact of the investments made in the current year 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.

The Group concluded the buy out of a minority shareholder in Agricor (Private) Limited subsequent to year end. Investments are lined up to continue digitalising the business,scale up manufacturing,expand the capacity of different business units and improve efficiencies to deliver a superior offering to the market place.

DIVIDEND

At their meeting held on 30 January 2023, the Directors declared a final dividend of US$0.0012 per share. 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 14 April 2023.

The payment of this dividend will take place on or about 20 April 2023. The shares of the Company will be traded cum-dividend on the stock exchange up to the market day of 11 April 2023 and ex dividend as from 12 April 2023.

For and on behalf of the Board

A.S Mandiwanza
(Chairman)
31 March 2023

GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2022

		Inflation adjusted Audited		Historical cost Unaudited	
	Notes	2022 ZWL	2021 Restated ZWL	2022 ZWL	2021 ZWL
Group revenue		**17,742,992,714**	**14,105,727,636**	**10,893,841,252**	**3,218,992,567**
Cost of sales	4	(4,264,185,443)	(3,359,357,313)	(2,724,751,642)	(761,678,237)
Gross Profit		**13,478,807,271**	**10,746,370,323**	**8,169,089,610**	**2,457,314,330**
Other operating income		771,934,000	736,523,616	484,752,564	150,552,188
Fair value gain on investment properties		9,324,081,363	536,224,836	18,050,021,577	1,323,008,454
Fair value gain on biological assets	4	1,261,064,505	527,294,478	1,651,067,583	250,906,753
Other operating expenses		(5,166,469,129)	(3,074,999,307)	(3,560,838,055)	(768,086,258)
Staff costs		(5,381,411,524)	(3,957,953,915)	(3,487,674,351)	(892,152,198)
Earnings before interest, taxation, depreciation and amortisation		**14,288,006,486**	**5,513,460,031**	**21,306,418,928**	**2,521,543,269**
Depreciation and amortisation		(1,515,413,111)	(1,477,614,109)	(186,250,680)	(85,632,494)
Operating profit		**12,772,593,375**	**4,035,845,922**	**21,120,168,248**	**2,435,910,775**
Fair value (loss)/gain on financial assets through profit or loss		(463,492,676)	584,007,609	75,743,778	173,260,471
Net exchange gain/(loss)		3,045,125,666	(170,820,655)	2,012,355,812	(16,138,616)
Net monetary gain/(loss)		3,401,592,543	(452,835,573)	-	-
Net finance costs	9	(1,610,495,451)	(613,542,561)	(1,207,594,802)	(138,092,937)
Profit before tax		**17 145 323 457**	**3,382,654,742**	**22,000,673,036**	**2,454,939,693**
Income tax charge	10	(2,994,862,214)	(1,101,161,358)	(944,490,120)	(458,008,736)
Profit for the period		**14,150,461,243**	**2,281,493,384**	**21,056,182,916**	**1,996,930,957**
Equity holders of the parent		14,724,149,719	2,295,896,345	20,763,526,430	1,996,321,948
Non-controlling interest		(573,688,476)	(14,402,961)	292,656,486	609,009
		14,150,461,243	**2,281,493,384**	**21,056,182,916**	**1,996,930,957**
Number of shares in issue		359,619,162	357,102,445	359,619,162	357,102,445
Earnings per share (cents)		4,094	643	5,774	559
Headline earnings per share (cents)		584	549	1,167	102
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Gains from revaluation of property		6,838,691,774	1,081,712,896	12,526,209,227	697,048,472
Deferred tax gains on revaluation of property		(1,690,524,606)	(267,649,950)	(3,096,478,921)	(172,318,030)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(341,855,870)	54,865,722	(79,719,411)	14,877,227
Total other comprehensive income net of tax		4,806,311,298	868,928,668	9,350,010,895	539,607,669
Total comprehensive income		**18,956,772,541**	**3,150,422,052**	**30,406,193,811**	**2,536,538,626**
Attributable to:					
Equity holders of the parent		19,196,352,273	3,023,710,167	29,423,013,058	2,520,332,431
Non-controlling interest		(239,579,732)	126,711,885	983,180,753	16,206,195
		18,956,772,541	**3,150,422,052**	**30,406,193,811**	**2,536,538,626**

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

As at 31 October 2022

		Inflation adjusted Audited		Historical cost Unaudited	
	Notes	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
ASSETS					
Non-current assets					
Property, plant and equipment		20,731,102,320	12,121,955,451	15,371,090,154	2,161,091,470
Investment properties		21,296,279,097	11,971,873,108	21,296,279,097	3,246,257,520
Intangible assets		193,461,887	211,624,529	8,047,249	11,234,254
Right of use assets		841,301,822	833,876,122	282,632,775	78,402,636
		43,062,145,126	**25,139,329,210**	**36,958,049,275**	**5,496,985,880**
Current assets					
Biological assets		440,761,743	206,821,105	440,779,564	56,080,996
Inventories		2,572,419,714	2,970,911,396	1,376,980,492	425,743,198
Inventory prepayments		1,185,225,725	713,200,891	946,738,204	165,149,219
Trade and other receivables		7,578,663,059	2,895,638,246	4,459,454,111	719,269,717
Financial assets at fair value through profit or loss		276,352,604	739,825,219	276,352,604	200,608,806
Cash and cash equivalents		2,905,023,818	1,355,326,819	2,905,023,818	367,506,392
		14,958,446,663	**8,881,723,676**	**10,405,328,793**	**1,934,358,328**
Total assets		**58,020,591,789**	**34,021,052,886**	**47,363,378,068**	**7,431,344,208**
EQUITY AND LIABILITIES					
Equity					
Issued share capital and premium		1,139,488,045	1,137,676,761	7,979,855	6,469,825
Non-distributable reserves		7,611,047,054	3,138,573,941	10,048,353,850	1,389,457,732
Retained earnings		34,059,232,671	19,967,394,092	24,008,340,846	3,797,267,992
Attributable to equity holders of parent		**42,809,767,770**	**24,243,644,794**	**34,064,674,551**	**5,193,195,549**
Non-controlling interest.		991,579,714	1,231,159,445	1,083,305,541	100,124,788
Total equity		**43,801,347,484**	**25,474,804,239**	**35,147,980,092**	**5,293,320,337**
Non-current liabilities					
Interest bearing loans and borrowings	11	-	2,265,647	-	614,346
Deferred tax liabilities		6,003,528,415	2,229,967,950	3,904,657,025	447,040,439
Lease liabilities		276,444,266	222,179,457	276,444,266	60,245,521
		6,279,972,681	**2,454,413,054**	**4,181,101,291**	**507,900,306**
Current liabilities					
Interest bearing loans and borrowings	11	2,743,515,749	921,971,844	2,743,515,749	249,999,145
Bank overdraft		3,173,329	205,931,761	3,173,329	55,839,844
Provisions		406,990,918	171,351,862	391,838,185	46,463,256
Trade and other payables		3,395,351,430	2,051,007,813	3,500,445,290	853,856,883
Income tax payable		1,058,755,818	2,616,296,323	1,063,839,753	389,994,972
Lease liability		331,484,380	125,275,990	331,484,379	33,969,465
		7,939,271,624	**6,091,835,593**	**8,034,296,685**	**1,630,123,565**
Total equity and liabilities		**58,020,591,789**	**34,021,052,886**	**47,363,378,068**	**7,431,344,208**
Current ratio		**2**	**1**	**1**	**1**

TSL Limited Abridged Audited Results For The Year Ended 31 October 2022

The Directors of TSL Limited are pleased to announce the abridged audited results for the year ended 31 October 2022

GROUP ABRIDGED STATEMENT OF CASH FLOWS

For the year ended 31 October 2022

	Inflation adjusted Audited		Historical cost Unaudited	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
OPERATING ACTIVITIES				
Profit before tax	17,145,323,457	3,382,654,742	22,000,673,036	2,454,939,693
Non-cash adjustments to reconcile profit before tax to net cash flows	(10,136,387,280)	931,983,193	(18,382,067,936)	(1,379,861,520)
	7,008,936,177	**4 314,637,935**	**3,618 605,100**	**1,075,078,173**
Net (decrease)/increase in working capital	(4,118,179,820)	404,851,994	(1,261 393,523)	(418,022,496)
Operating cash flow	**2,890,756,357**	**4,719,489,929**	**2,357,211,577**	**657,055,677**
Net finance costs paid	(1,610,495,451)	(613,542,561)	(1,207,594,802)	(138,092,937)
Income tax paid	(542,429,894)	(492,618,607)	(237,815,874)	(14,189,997)
Net cash generated from operating activities	**737,831,012**	**3,613,328,761**	**911,800,901**	**504,772,743**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,815,966,759)	(2,006,833,585)	(1,124,031,429)	(425,736,477)
Proceeds on disposal of property, plant and equipment	70,633,407	68,347,707	20,286,555	12,369,021
Purchase of intangible assets	-	(49,947,697)	-	(9,358,221)
Net cash used in investing activities	**(2,745,333,352)**	**(1,988,433,575)**	**(1,103,744,874)**	**(422,725,677)**
FINANCING ACTIVITIES				
Net increase in loans and borrowings	1,362,832,498	759,436,719	2,492,902,256	103,661,567
Ordinary dividend paid to equity holders of the parent	(632,311,140)	(825,738,829)	(552,453,576)	(199,310,240)
Payment of principal portion of lease liability	(375,483,761)	(255,123,423)	(263,718,209)	(19,266,139)
Net cash generated/(used in) from financing activities	**355,037,597**	**(321,425,533)**	**1,676,730,471**	**(114,914,812)**
Net (decrease)/increase in cash and cash equivalents	**(1,652,464,743)**	**1,303,469,653**	**1,484,786,498**	**(32,867,746)**
Net exchange gains	1,105,397,439	151,496,221	1,105,397,443	41,079,267
Effects of inflation	2,299,522,735	(2,034,598,549)	-	-
Cash and cash equivalents at the beginning of the period	1,149,395,058	1,729,027,733	311,666,548	303,455,027
Cash and cash equivalents at the end of the period	**2,901,850,489**	**1,149,395,058**	**2,901,850,489**	**311,666,548**
Represented by:				
Cash and bank balances	2,905,023,818	1,355,326,819	2,905,023,818	367,506,392
Bank overdraft	(3,173,329)	(205,931,761)	(3,173,329)	(55,839,844)
	2,901,850,489	**1,149,395,058**	**2,901,850,489**	**311,666,548**

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2022

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 2020	**1,137,676,761**	**2,405,661,355**	**18,497,236,575**	**22,040,574,691**	**1,104,447,560**	**23,145,022,251**
Profit for the period	-	-	2,295,896,345	2,295,896,345	(14,402,961)	2,281,493,384
Other comprehensive income	-	727,813,822	-	727,813,822	141,114,846	868,928,668
Total comprehensive income	-	727,813,822	2,295,896,345	3,023,710,167	126,711,885	3,150,422,052
Employee share option expense	-	5,098,764	-	5,098,764	-	5,098,764
Ordinary dividend	-	-	(825,738,828)	(825,738,828)	-	(825,738,828)
Balance at 31 October 2021	**1,137,676,761**	**3,138,573,941**	**19,967,394,092**	**24,243,644,794**	**1,231,159,445**	**25,474,804,239**
Profit for the period	**-**	**-**	**14,724,149,719**	**14,724,149,719**	**(573,688,476)**	**14,150,461,243**
Other comprehensive income	-	4,472,202,553	-	4,472,202,553	334,108,745	4,806,311,298
Total comprehensive income	-	4,472,202,553	14,724,149,719	19,196,352,272	(239,579,731)	18,956,772,541
Employee share option expense	-	2,081,844	-	2,081,844	-	2,081,844
Share options exercised	1,811,284	(1,811,284)	-	-	-	-
Ordinary dividend	-	-	(632,311,140)	(632,311,140)	-	(632,311,140)
Balance at 31 October 2022	**1,139,488,045**	**7,611,047,054**	**34,059,232,671**	**42,809,767,770**	**991,579,714**	**43,801,347,484**
HISTORICAL UNAUDITED						
Balance at 1 November 2020	**6,469,825**	**864,356,895**	**2,000,256,285**	**2,871,083,005**	**83,918,593**	**2,955,001,598**
Profit for the period	-	-	1,996,321,947	1,996,321,947	609,009	1,996,930,956
Other comprehensive income	-	524,010,483	-	524,010,483	15,597,186	539,607,669
Total comprehensive income	-	524,010,483	1,996,321,947	2,520,332,430	16,206,195	2,536,538,625
Employee share option expense	-	1,090,354	-	1,090,354	-	1,090,354
Ordinary dividend	-	-	(199,310,240)	(199,310,240)	-	(199,310,240)
Balance at 31 October 2021	**6,469,825**	**1,389,457,732**	**3,797,267,992**	**5,193,195,549**	**100,124,788**	**5,293,320,337**
Profit for the period	**-**	**-**	**20,763,526,430**	**20,763,526,430**	**292,656,486**	**21,056,182,916**
Other comprehensive income	-	8,659,486,628	-	8,659,486,628	690,524,267	9,350,010,895
Total comprehensive income	-	8,659,486,628	20,763,526,430	29,423,013,058	983,180,753	30,406,193,811
Employee share option expense	-	919,520	-	919,520	-	919,520
Share options exercised	1,510,030	(1,510,030)	-	-	-	-
Ordinary dividend	-	-	(552,453,576)	(552,453,576)	-	(552,453,576)
Balance at 31 October 2022	**7,979,855**	**10,048,353,850**	**24,008,340,846**	**34,064,674,551**	**1,083,305,541**	**35,147,980,092**

NOTES TO THE FINANCIAL RESULTS

For the year ended 31 October 2022

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 occured 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 2021 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 inflation adjusted 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 2022	13,114	1.00
CPI as at 31 October 2021	3,556	3.6879

3. FAIR VALUE ADJUSTMENT ON INVESTMENT PROPERTIES

Property valuations rely on historical market evidence for calculation of inputs. Such market evidence now exist at present to calculate ZWL values hence property values have been calculated based on ZWL inputs unlike in prior periods.Directors have elected to use the ZWL inputs and values going forward.

4. RESTATEMENT

Cost of sales for biological assets were incorrectly valued in the prior year. At the point of sale, the value transfered from biological assets to cost of sales was at cost and not at fair value as required by IAS2 and IAS41. The prior year has been restated to correct this. This restatement had no impact on the net profit before and after tax previously presented.

5. AUDITORS STATEMENT

The inflation adjusted consolidated financial statements from which the TSL Limited abridged audited results was derived have been audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe). The engagement partner on the audit was Esther Antonio (PAAB Practicing number 0661). The auditors have issued an adverse audit opinion on the Group's inflation adjusted consolidated financial statements due to non compliance with IAS 21, "Effects of Changes in Exchange Rates" and IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" for non-correction of prior year non-compliance with IAS 21. The auditors have also highlighted a Key Audit Matter in relation to the Valuation of Biological Assets. There is no separate opinion on the Key Audit Matter.

6. GOING CONCERN

The Directors have assessed the ability of the Group to continue operating as a going concern and believe that the preparation of the financial results on a going concern basis is still appropriate.

7. CONTINGENT LIABILITIES

There are no material contingent liabilities at the reporting date.

8. EVENTS AFTER THE REPORTING DATE

There are no reportable events after the reporting date.

9. NET FINANCE COSTS

	Inflation Adjusted Audited		Historical Unaudited	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Interest on lease liabilities	101,131,839	116,824,997	61,950,649	25,622,585
Interest on debts and borrowings	1,493,571,434	498,349,519	1,147,473,923	110,823,201
Interest on investments with banks during the year	15,792,178	(1,631,955)	(1,829,770)	1,647,151
Net finance costs in profit or loss	**1,610,495,451**	**613,542,561**	**1,207,594,802**	**138,092,937**

10. TAXATION

The major components of income tax expense for the full years ended 31 October 2022 and 31 October 2021 are shown below:

Current income tax charge	911,826,356	1,743,293,162	911,660,657	472,706,168
Deferred tax	2,083,035,858	(642,131,804)	32,829,463	(14,697,432)
Income tax expense in profit or loss	**2,994,862,214**	**1,101,161,358**	**944,490,120**	**458,008,736**

11. BORROWINGS

The terms and conditions of the borrowings are as below:

Authorised in terms of Articles of Association	65,748,376,200	38,212,206,357	52,721,970,138	7,939,980,506

Interest bearing loans and borrowings	Interest rate%	Maturity	31 Oct 2022 US$	31 Oct 2021 US$
Current interest bearing loans and borrowings:				
Bank borrowings	(2022): 100%-220% (2021): 38%-80%	2022	2,743,515,749	921,971,844
Non-current interest bearing loans and borrowings:				
Bank borrowings	(2022): 100%-220% (2021): 38%-80%)	2023	-	2,265,647
Total interest bearing loans and borrowings			**2,743,515,749**	**924,237,491**
Actual borrowings as a percentage of authorised borrowings			5%	12%

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 ZWL13.3 billion (31 October 2021: ZWL12 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.

12. GROUP ABRIDGED SEGMENT RESULTS

INFLATION ADJUSTED

	Logistics Operations	Agriculture Operations	Real Estate Operations	Services	Eliminations	Consolidated
For the year ended 31 October 2022						
Group revenue	7,088,393,951	11,013,167,085	1,824,062,863	814,573,193	(2,997,204,378)	**17,742,992,714**
Operating profit	584,291,036	2,125,583,684	10,460,585,356	(255,583,819)	(142,282,882)	**12,772,593,375**
Depreciation and amortisation	(497,650,085)	(422,918,888)	(54,729,323)	(81,405,084)	(458,709,731)	**(1,515,413,111)**
Fair value adjustments	-	1,261,064,505	9,324,081,363	(463,492,676)	-	**10,121,653,192**
Cost of sales	(243,526,098)	(4,142,155,095)	-	-	121,495,750	**(4,264,185,443)**
Staff costs	(2,277,599,337)	(2,357,468,398)	(166,762,491)	(577,499,453)	(2,081,845)	**(5,381,411,524)**
Monetary gain/(loss)	744,006,371	(2,634,608,260)	3,663,812,078	1,628,382,354	-	**3,401,592,543**
Expected credit losses	(64,388,932)	(706,085,966)	(10,156,474)	-	-	**(780,631,372)**
Income tax expenses	(914,114,856)	(406,658,322)	(1,672,805,108)	(1,283,928)	-	**(2,994,862,214)**
For the year ended 31 October 2021						
Group revenue	4,988,040,288	9,790,436,037	1,571,058,650	460,726,706	(2,704,534,045)	**14,105,727,636**
Operating profit	512,830,907	2,603,187,680	1,090,106,840	(170,279,505)	-	**4,035,845,922**
Depreciation and amortisation	(495,777,463)	(909,152,517)	(56,197,685)	(16,486,444)	-	**(1,477,614,109)**
Fair value adjustment and impairments	-	527,294,478	536,224,836	584,007,609	-	**1,647,526,923**
Cost of sales	(83,454,043)	(3,275,903,270)	-	-	-	**(3,359,357,313)**
Staff costs	(1,797,614,598)	(1,639,221,817)	(112,783,784)	(408,333,716)	-	**(3,957,953,915)**
Monetary gain/(loss)	(174,052,133)	(426,299,791)	268,286,586	(407,839,108)	287,068,873	**(452,835,573)**
Expected credit Losses	(80,830,880)	(202,869,793)	(8,598,527)	(3,580,313)	-	**(295,879,513)**
Income tax expenses	60,290,394	(550,656,554)	(610,795,198)	-	-	**(1,101,161,358)**

13. SUPPLEMENTARY INFORMATION

	Inflation Adjusted Audited	
	2022 ZWL	2021 ZWL
Capital commitments - authorised but not contracted for	11,974,564,980	3,531,116,466

Independent auditor's report

To the shareholders of TSL Limited

Our adverse opinion

In our opinion, because of the significance of the matters discussed in the Basis for adverse opinion section of our report, the consolidated financial statements do not present fairly the consolidated financial position of TSL Limited (the "Company") and its subsidiaries (together "the Group") as at 31 October 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

What we have audited
TSL Limited's consolidated financial statements set out on pages 8 to 55, comprise:

- the consolidated inflation adjusted statement of financial position as at 31 October 2022;
- the consolidated inflation adjusted statement of profit or loss for the year then ended;
- the consolidated inflation adjusted statement of comprehensive income for the year then ended;
- the consolidated inflation adjusted statement of changes in equity for the year then ended;
- the consolidated inflation adjusted statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for adverse opinion

An adverse opinion was issued on the consolidated financial statements 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, 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 opinion was further modified due to the impact of using United States of America dollar ("US$") valuation inputs rather than local currency valuation inputs, and then translating the value so derived to Zimbabwean dollar ("ZWL") using the interbank foreign exchange rate as per the Foreign Exchange Auction Trading System of the Reserve Bank of Zimbabwe at the reporting date, when valuing investment property and freehold land and buildings. Notwithstanding the fact that the spot rate applied as at 31 October 2021 was considered to meet the spot rate definition as per IAS 21, the application of a conversion rate to US$ valuation inputs and a US$ based valuation to calculate ZWL investment properties and freehold land and buildings values is not an accurate reflection of market dynamics as the risks associated with currency trading do not reflect the risks associated with property trading.

Our opinion on the consolidated financial statements as at 31 October 2022, and for the year then ended, is modified because of the possible effects that these matters have on the current year consolidated financial statements and the comparability of the current year's figures to that of the comparative period. 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 31 October 2022, non-monetary assets that are stated at historical cost non-monetary liabilities and retained earnings in the consolidated statement of financial position as at 31 October 2022, and the related movements within the consolidated statement of profit or loss and the consolidated statement of comprehensive income for the year then ended, would have been materially restated. It was not practicable to quantify the financial effects of this matter on the consolidated financial statements for the year ended 31 October 2022.

The opening investment property, freehold land and buildings and equity balances as at 1 November 2021 recognised in the consolidated statement of financial position, the related fair value movements and depreciation recognised in the consolidated statement of comprehensive income and the related revaluation movement recognised in the consolidated statement of profit or loss for the year ended 31 October 2022 are misstated as a result of the misstatement described above with respect to the valuation of investment property and freehold land and buildings in the prior year.

It was not practicable to quantify the financial impact of this misstatement on the consolidated financial position and financial performance as at 31 October 2022, and for the year then ended. This has also had an impact on the comparability of the current year's figures to that of the comparative period.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

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Independence
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe.

Our audit approach

Overview

<table>
<tr><td rowspan="3">
</td><td>Overall group materiality
• Overall group materiality: ZWL 857 266 000, which represents 5% of consolidated profit before tax.</td></tr>
<tr><td>Group audit scope
• We conducted full scope audits on the financial statements of the Company and 13 of its subsidiaries. This was due to either their financial significance or to meet statutory audit requirements.
• We performed specified procedures on identified significant risks areas of the remaining 8 subsidiaries.</td></tr>
<tr><td>Key audit matters
• Valuation of biological assets.</td></tr>
</table>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall group materiality	ZWL 857 266 000
How we determined it	5% of consolidated profit before tax.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for listed profit-oriented companies.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We conducted full scope audits on the financial statements of the Company and 13 of its subsidiaries due to either their financial significance, or to meet statutory audit requirements. We performed specified procedures on identified significant risks areas of the remaining 8 subsidiaries.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group audit team. All testing was performed centrally by the group audit team.

The above, together with additional procedures performed at the Group level, including substantive procedures over the consolidation process, provided us with sufficient and appropriate audit evidence regarding the financial information of the Group to provide a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for adverse opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter

Valuation of Biological Assets
 	
Planted tobacco, banana produce growing on bearer plants, maize, wheat, soya bean, and katambora grass are classified as biological assets and are accounted for in accordance with International Accounting Standard IAS 41, Agriculture ("IAS 41").
 	
The fair value adjustments (income) on biological assets recognised in the consolidated statement of profit or loss amounted to ZWL 1 261 064 505, and the value of the biological assets recognised in the consolidated statement of financial position was ZWL 440 761 743 as at 31 October 2022, respectively.
 	
The value of biological assets is measured using the discounted cash flow model in accordance with IAS 41 and IFRS 13, Fair Value Measurement ("IFRS 13").
 	
The values of produce growing on bearer plants (bananas), are based on the estimated expected yield (tonnes) from the current crop of unharvested produce, multiplied by the result of the forecast price per crop less estimated costs to sell. This amount is then adjusted by a factor determined by management and the directors to take into account the level of maturity of the crop at the reporting date. These are the main level of inputs used by the Company, as described in the notes to the consolidated financial statements listed below.
 	
Refer to notes 14 - Biological assets, 17.6 - Biological assets fair value hierarchy, 17.7 - Valuation process, 4.2.5 - Significant Accounting Policies, Fair valuation of Biological assets and 2.25 - Significant Accounting Policies, Biological assets, to the consolidated financial statements.
 	
Due to the level of judgement involved in the valuation of biological assets, the sensitivity of the key inputs and the magnitude of biological assets to the Group's consolidated financial position, we considered this to be a matter of most significance to our current year audit of the consolidated financial statements.
	We performed the following procedures to assess the appropriateness of the valuation of biological assets:
	
	• Evaluated the methods used by the directors in the valuation of biological assets against the requirements of IAS 41 and IFRS 13, as well as against industry practice. No inconsistencies were noted and no matters requiring further consideration were identified.
	• Assessed the consistency of the method and assumptions used by the directors in the valuation of biological assets (tobacco and bananas unharvested at year end) by comparing this to the method applied in the prior year. No changes from previously applied assumptions and methods were noted.
	• Assessed the reasonableness of assumptions used in the director's valuation model to determine the value of biological assets by performing the following procedures:
	  o For tobacco and bananas unharvested at year end, we assessed the reasonableness of expected yields estimated, forecast prices, estimated cost to maturity and selling costs by comparing prior year estimates to current year actual results. The estimated yields and costs were deemed reasonable in comparison.
	  o On a sample basis, and using our external agronomist expertise, we tested the existence, quality and maturity of the produce by inspecting the produce i.e., bananas and tobacco by inspecting the crops. We also assessed the reasonableness of the maturity of the produce by recalculating how this was reflected in management's maturity factor applied. We noted no aspects in this regard requiring further consideration.
	  o Using our external agronomist expertise, we evaluated the reasonableness of the forecast yields, prices, cost to maturity, and selling costs against historical data and factoring the current quality of crops into the forecast determination. We also considered the impact of actual sales that took place subsequent to year end. On the basis of this evaluation, we accepted management's forecasts.
	• We inspected the formulas used in management's models and tested the mathematical accuracy through recalculation. No material differences were noted.
	
	• We recalculated the fair value movement on the biological assets held at year-end, by deducting from the fair valuation at year end, the opening balance of the biological assets, the capitalised costs as well as any other movements. We compared our recalculated fair value movement to the fair value movement per management's calculation and noted no significant variances.
	
	• We evaluated the financial statement disclosures against the requirements of IAS 41 and IFRS 13, including the disclosures related to the sensitivities of the significant inputs into the valuation. No material inconsistencies were noted and no matters requiring further consideration were identified.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "TSL Limited Annual Financial Statements for the year ended 31 October 2022", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "TSL Limited Integrated Annual Report 2022", which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for adverse opinion section above, the consolidated financial statements contain material misstatements with respect to the application of IAS 21 in the prior years ended 31 October 2020 and 31 October 2021 when the Group incorrectly accounted for the change in functional currency, and its consequential effects on the hyperinflationary adjustments made in terms of IAS

29 from the year ended 31 October 2020 to the year ended 31 October 2022, as well as the impact of conversion rates used to convert US$ valuation inputs to determine the ZWL fair value of properties as at 31 October 2021. We have concluded that the other information is materially misstated for the same reasons, with respect to the amounts or other items in the other information affected by these matters.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Zimbabwe 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

Esther Antonio
Registered Public Auditor

Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Public Accountants and Auditors Board, Public Auditor Registration Number 0661
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 255940

31 March 2023
Harare, Zimbabwe