TSL LIMITED ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 31 OCTOBER 2023

The Directors of TSL Limited are pleased to announce the abridged audited results for the year ended 31 October 2023.

www.tsl.co.zw

HIGHLIGHTS

Inflation Adjusted

Revenue	Operating profit	EBITDA	HEPS
↑ 159%	↑ 89%	↑ 84%	↑ 8%

Historical Cost

Revenue	Operating profit	EBITDA	HEPS
↑ 789%	↑ 573%	↑ 572%	↑ 683%

CHAIRMAN'S STATEMENT

REVIEW OF THE ECONOMIC ENVIRONMENT

The operating environment was marked by inflationary pressures, persistent power outages and liquidity challenges in both local and foreign currency. The economy has experienced a growing trend in dollarisation leading to higher proportions of transactions being conducted in US$. Patterns in consumer spending shifted more towards the informal sector.

The 2022/23 summer cropping season was reasonable across most of the country, with adequate rains. National tobacco volumes closed at 296 million kgs, 43% ahead of prior year and the national average tobacco price at US$3.03/kg, 1% below prior year price of US$3.06/kg. The independently grown tobacco crop closed at 7% of the national crop.

PERFORMANCE OVERVIEW

Notwithstanding the challenging trading conditions, the Group achieved good volume growth across most business units against prior year. Inflation adjusted revenue was up 159% underpinned by strong volume performance, particularly in the tobacco-related businesses. Operating profit before fair value adjustments was 89% above prior year. The ZWL$ cost structure of the business was inflated due to exchange rate volatility whilst foreign currency revenues were recorded at the official exchange rate. Local currency borrowings which had unsustainably high interest rates were paid off early in the year resulting in a reduction in finance costs by 50% compared to prior year.

The Group continues to prioritise enhancement of shareholder value and sustainable growth. Group borrowings are foreign currency denominated and remain low with adequate interest cover. The Group continued to generate positive operating cash flows and has reinvested in the expansion of operations and payment of dividends to shareholders.

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. The property portfolio was valued at ZWL$316.8 billion.

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

Packaging

Propak hessian volumes were 32% ahead of prior year owing to stock availability and a larger tobacco national crop size. Tobacco paper volumes were 27% ahead of prior year, as the market continued to respond positively to the locally coated paper. This strategic move to increase paper production is in line with the Group's sustainability drive.

Agricultural trading

Agricura's volume performance for the year was mixed. Some product lines, particularly the locally produced animal health remedies and new grain protectants performed better than in the previous year on the back of product availability while other product lines' volumes lagged due to depressed demand. Margin pressure negatively impacted the performance of the business unit. The Group concluded the buyout of a minority shareholder in Agricor (Private) Limited. This acquisition is expected to create increased flexibility for the business to expand and deepen its product offering to the market.

Farming Operations

The farming operations produced a superior quality of tobacco and achieved improved yields and price per kg on tobacco compared to the previous year. Favourable yields were achieved on soya beans and commercial maize although wheat production declined due to electricity availability challenges. The new banana plantation came into production in the year resulting in increased volumes.

MARKET PLACES OPERATIONS

Tobacco-related services

Tobacco Sales Floor cumulatively handled 51.9 million kgs of tobacco – a 125% increase on prior year's 23.1 million kgs. The strategy to serve the much larger contracted tobacco market is yielding fruit, with 75% of the total volumes handled coming from this segment. These positive results are, in large measure, attributable to a larger national tobacco crop, successful decentralisation of operations and the acquisition of new customers. TSF continued to hold the largest market share in the independent auction segment (65%).

Commodities Exchange

ZMX introduced an orderly, streamlined, digitalized marketplace platform for trading and funding of agricultural commodities. The company, a licensed entity, facilitating the trade of 49 commodities including grains, cereals, pulses, horticulture and livestock successfully obtained liquid asset status for its warehouse receipts during the year. This status significantly enhances cash flows for farmers. The operations of ZMX have resulted in a number of policy amendments that will improve the marketing, financing, and trading of agricultural commodities. The business is in its infancy, and it is expected that the trading volumes will continue to increase in the near future.

LOGISTICS OPERATIONS

End to end logistics services

The new business model, which supports the customer throughout the value chain, resulted in an increase in volumes across most of the logistics' divisions. Tobacco handling volumes were 96% ahead of the prior year due to an increase in the customer base. The rail service from both Maputo and Beira continued to operate and performance was satisfactory. Clearing and forwarding volumes remained strong due to improved demand. General cargo handling volumes were depressed, 19% below prior year due to reduced fertiliser volumes. Volumes in the FMCG division increased by 32% on the back of new business, however, most customers' volumes remained depressed as the formal retail sector struggled against the informal market.

Premier Forklift volumes were 16% ahead of the prior year as the business continued to grow its volumes from both new and existing clients with the fleet on hire growing by 32%. Forklift sales were at par with the prior year volumes.

Vehicle rental

Avis' rental days were below prior year by 12% due to a decline in the vehicle fleet in the period. The fleet was replenished towards the end of the year and more vehicles will be added in the upcoming financial year.

REAL ESTATE OPERATIONS

Occupancies, returns and the level of voids remained satisfactory due to improved demand for warehouse space. The Business completed the construction of a 9,000 square meter warehouse in Mvurwi, which supported the decentralised operations of TSF. A new world class 15,000 square meter warehouse in a prime location is under construction and is expected to be completed in the second quarter of the coming financial year.

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 will continue to pursue key strategic initiatives in line with its "moving agriculture" strategy. Several investments are lined up to scale up manufacturing, expand the capacity of the business units, and improve efficiencies to deliver a superior offering to the marketplace across the agriculture and mining value chains. The Group's digitalization drive continues to bear much fruit with more digital investments earmarked for the upcoming year.

The operating environment is expected to remain challenging and will be proactively managed to ensure continued shareholder value creation and preservation. Focus will be on enhancing the Group's earnings, returns on invested capital, the Group's long-term value proposition and strengthen the Group's financial positioning.

The 2023/24 agricultural season is expected to have lower than normal rainfall which will have an impact on the performance of some of the Group's business units.

DIVIDEND

At their meeting held on 30 January 2024, the Directors declared a final dividend of US$0.0015 per share payable in respect of all ordinary shares of the Company. This dividend is in respect of the financial year ending 31 October 2023 and will be payable in full to all shareholders of the Company registered at close of business on 19 April 2024.

The payment of this dividend will take place on or about 29 April 2024. The share of the Company will be traded cum-dividend on the stock exchange up to the market day of 16 April 2024 and ex-dividend as from 17 April 2024.

For and on behalf of the Board

A.S Mandiwanza
(Chairman)
30 January 2024

GROUP ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 October 2023

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2023 AUDITED ZWL $000	2022 AUDITED ZWL $000	2023 UNAUDITED ZWL $000	2022 UNAUDITED ZWL $000
Revenue from contracts with customers		**172,314,721**	**66,598,323**	**96,887,522**	**10,893,841**
Cost of sales		(32,791,758)	(16,005,620)	(15,340,024)	(2,724,754)
Gross profit		**139,522,963**	**50,592,703**	**81,547,498**	**8,169,087**
Other operating income		5,617,182	2,897,454	4,072,974	484,753
Fair value gain on investment properties		57,605,018	34,997,939	116,243,279	18,050,022
Fair value (loss) /gain on biological assets		(66,888)	4,733,406	8,894,483	1,651,068
Other operating expenses		(50,891,247)	(19,392,342)	(32,666,181)	(3,560,838)
Staff costs		(53,287,710)	(20,199,128)	(34,977,757)	(3,487,674)
Earnings before interest, taxation, depreciation and amortisation		**98,499,318**	**53,630,032**	**143,114,296**	**21,306,418**
Depreciation and amortisation		(7,910,133)	(5,688,103)	(1,059,243)	(186,251)
Operating profit		**90,589,185**	**47,941,929**	**142,055,053**	**21,120,167**
Fair value (loss)/gain on financial assets through profit or loss		1,772,195	(1,739,720)	2,584,153	75,744
Share of loss from equity accounted investment		(204,228)	(182,515)	(53,951)	(24,407)
Net exchange gain/(loss)		(4,216,306)	11,429,879	(10,597,413)	2,012,356
Net monetary gain/(loss)		(8,829,219)	12,767,878	-	-
Net finance costs	8	(3,036,390)	(6,044,995)	(2,362,675)	(1,207,595)
Profit before tax from operations		76,075,237	64,172,456	131,625,167	21,976,265
Profit before tax		**76,075,237**	**64,172,456**	**131,625,167**	**21,976,265**
Income tax charge	9	(12,727,971)	(11,241,215)	(15,231,573)	(944,490)
Profit for the period		**63,347,266**	**52,931,241**	**116,393,594**	**21,031,775**
Equity holders of the parent		62,242,920	55,084,581	113,820,835	20,739,119
Non-controlling interest		1,104,346	(2,153,340)	2,572,759	292,656
		63,347,266	**52,931,241**	**116,393,594**	**21,031,775**
Number of shares in issue (000)		360,452	359,619	360,452	359,619
Earnings per share (ZWL$)		172.68	153.17	315.77	57.67
Headline earnings per share (ZWL$)		80.93	74.70	91.32	11.67
Diluted Headline earnings per share (ZWL$)		80.17	73.80	90.45	11.62
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Gains from revaluation of property		65,548,107	25,669,030	103,479,096	12,526,209
Deferred tax on gains on revaluation of property		(16,203,492)	(6,345,385)	(25,580,032)	(3,096,479)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		5,520,249	(1,283,156)	5,867,233	(79,719)
Total other comprehensive income net of tax		54,864,864	18,040,489	83,766,297	9,350,011
Total comprehensive income		**118,212,130**	**70,971,730**	**200,159,891**	**30,381,786**
Attributable to:					
Equity holders of the parent		117,107,784	71,870,993	197,587,132	29,398,606
Non-controlling interest		1,104,346	(899,263)	2,572,759	983,180
		118,212,130	**70,971,730**	**200,159,891**	**30,381,786**

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

As at 31 October 2023

		INFLATION ADJUSTED		HISTORICAL COST	
	Notes	2023 AUDITED ZWL $000	2022 AUDITED ZWL $000	2023 UNAUDITED ZWL $000	2022 UNAUDITED ZWL $000
ASSETS					
Non-current assets					
Property, plant and equipment		171,557,231	77,814,193	143,796,832	15,371,090
Investment properties		137,542,600	79,935,584	137,542,600	21,296,279
Equity accounted investment		98,517	302,745	-	53,951
Intangible assets		1,089,439	726,159	188,917	8,047
Right of use assets		1,192,069	3,157,826	235,404	282,633
		311,479,856	**161,936,507**	**281,763,753**	**37,012,000**
Current assets					
Biological assets		2,919,002	1,654,399	2,919,002	440,762
Inventories		14,137,163	9,655,577	10,414,907	1,376,980
Inventory prepayments		26,564,551	4,448,745	10,352,011	946,756
Trade and other receivables		62,681,237	28,446,512	56,804,508	4,459,454
Financial assets at fair value through profit or loss		2,809,471	1,037,289	2,809,471	276,353
Cash and cash equivalents		21,211,557	10,904,007	21,211,557	2,905,024
		130,322,981	**56,146,529**	**104,511,456**	**10,405,329**
Total assets		**441,802,837**	**218,083,036**	**386,275,209**	**47,417,329**
EQUITY AND LIABILITIES					
Equity					
Issued share capital and premium		4,277,068	4,277,068	7,980	7,980
Non-distributable reserves		83,435,540	28,568,065	93,815,725	10,048,355
Retained earnings		187,869,637	128,144,075	133,503,844	24,062,293
Attributable to equity holders of parent		**275,582,245**	**160,989,208**	**227,327,549**	**34,118,628**
Non-controlling interest		17,157,389	3,721,894	19,049,891	1,083,305
Total equity		**292,739,634**	**164,711,102**	**246,377,440**	**35,201,933**
Non-current liabilities					
Interest bearing loans and borrowings	10	14,986,959	-	14,986,959	-
Deferred tax liabilities		42,331,979	22,534,244	34,999,106	3,904,656
Lease liabilities		1,405,677	1,037,634	1,405,677	276,444
		58,724,615	**23,571,878**	**51,391,742**	**4,181,100**
Current liabilities					
Interest bearing loans and borrowings	10	47,274,222	10,297,786	47,274,222	2,743,516
Bank overdraft		-	11,911	-	3,174
Provisions		2,758,934	1,527,640	2,758,934	391,838
Trade and other payables		35,131,367	12,744,452	33,298,806	3,500,444
Income tax payable		2,849,967	3,974,040	2,849,967	1,063,840
Lease liability		2,324,098	1,244,227	2,324,098	331,484
		90,338,588	**29,800,056**	**88,506,027**	**8,034,296**
Total equity and liabilities		**441,802,837**	**218,083,036**	**386,275,209**	**47,417,329**
Current ratio		**1**	**2**	**1**	**1**

TSL LIMITED ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 31 OCTOBER 2023

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GROUP ABRIDGED STATEMENT OF CASH FLOWS

For the year ended 31 October 2023

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 AUDITED ZWL $000	**2022 AUDITED ZWL $000**	**2023 UNAUDITED ZWL $000**	**2022 UNAUDITED ZWL $000**
OPERATING ACTIVITIES				
Profit before tax	76,075,237	64,172,456	131,625,167	21,976,265
Non-cash adjustments to reconcile profit before tax to net cash flows	(38,374,197)	(38,046,930)	(118,850,920)	(18,357,661)
	37,701,040	**26,125,526**	**12,774,247**	**3,618,604**
Net reduction in working capital	(39,709,805)	(15,457,588)	(41,101,019)	(1,261,394)
Operating cash flow	**(2,008,765)**	**10,667,938**	**(28,326,772)**	**2,357,210**
Net finance costs paid	(3,036,390)	(6,044,995)	(2,362,675)	(1,207,595)
Income tax paid	(5,446,323)	(2,036,011)	(4,275,929)	(237,816)
Net cash generated from/(used in) operating activities	**10,491,478**	**2,586,932**	**(34,965,376)**	**911,799**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(35,537,048)	(10,569,731)	(23,666,896)	(1,124,031)
Proceeds on disposal of property, plant and equipment	640,164	265,122	503,508	20,287
Purchase of intangible assets	(479,693)	-	(198,039)	-
Net cash used in investing activities	**(35,376,577)**	**(10,304,609)**	**(23,361,427)**	**(1,103,744)**
FINANCING ACTIVITIES				
Net increase in loans and borrowings	10,079,803	5,115,392	59,517,665	2,492,902
Ordinary dividend paid to equity holders of the parent	(6,239,252)	(2,373,380)	(5,038,500)	(552,454)
Payment of principal portion of lease liability	(3,322,673)	(1,409,378)	(2,225,398)	(263,718)
Agricor minority buy out	(3,291,943)	-	(914,449)	-
Transactions with owners in their capacity as owners	20,727,983	-	16,053,043	-
Net cash generated from financing activities	**17,953,918**	**1,332,634**	**67,392,361**	**1,676,730**
Net increase/(decrease) in cash and cash equivalents	**(27,914,137)**	**(6,385,043)**	**9,065,558**	**1,484,785**
Net exchange gains	9,244,149	4,149,111	9,244,149	1,105,398
Effects of inflation	28,989,449	8,813,774	-	-
Cash and cash equivalents at the beginning of the period	10,892,096	4,314,254	2,901,850	311,667
Cash and cash equivalents at the end of the period	**21,211,557**	**10,892,096**	**21,211,557**	**2,901,850**
Represented by:				
Cash and bank balances	21,211,557	10,904,007	21,211,557	2,905,024
Bank overdraft	-	(11,911)	-	(3,174)
	21,211,557	**10,892,096**	**21,211,557**	**2,901,850**

GROUP ABRIDGED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2023

	Issued share capital and premium ZWL $000	**Non-distributable reserves ZWL $000**	**Retained earnings ZWL $000**	**Total attributable to equity holders of parent ZWL $000**	**Non-controlling interest ZWL $000**	**Total equity ZWL $000**
INFLATION ADJUSTED						
Balance at 1 November 2021	**4,270,270**	**11,780,637**	**75,432,874**	**91,483,781**	**4,621,157**	**96,104,938**
Profit for the period	-	-	55,084,581	55,084,581	(2,153,340)	52,931,241
Other comprehensive income	-	16,786,412	-	16,786,412	1,254,077	18,040,489
Total comprehensive income	-	16,786,412	55,084,581	71,870,993	(899,263)	70,971,730
Employee share option expense	-	7,814	-	7,814	-	7,814
Share options exercised	6,798	(6,798)	-	-	-	-
Ordinary dividend	-	-	(2,373,380)	(2,373,380)	-	(2,373,380)
Balance at 31 October 2022	**4,277,068**	**28,568,065**	**128,144,075**	**160,989,208**	**3,721,894**	**164,711,102**
Profit for the period	**-**	**-**	**62,242,920**	**62,242,920**	**1,104,346**	**63,347,266**
Other comprehensive income	-	54,864,864	-	54,864,864	-	54,864,864
Total comprehensive income	-	54,864,864	62,242,920	117,107,784	1,104,346	118,212,130
Employee share option expense	-	2 611	-	2,611	-	2,611
Transactions with owners in their capacity as owners	-	-	3,721,894	3,721,894	12,331,149	16,053,043
Ordinary dividend	-	-	(6,239,252)	(6,239,252)	-	(6,239,252)
Balance at 31 October 2023	**4,277,068**	**83,435,540**	**187,869,637**	**275,582,245**	**17,157,389**	**292,739,634**
HISTORICAL COST						
Balance at 1 November 2021	**6,470**	**1,389,458**	**3,875,628**	**5,271,556**	**100,125**	**5,371,681**
Profit for the period	-	-	20,739,119	20,739,119	292,656	21,031,775
Other comprehensive income	-	8,659,487	-	8,659,487	690,524	9,350,011
Total comprehensive income	-	8,659,487	20,739,119	29,398,606	983,180	30,381,786
Employee share option expense	-	920	-	920	-	920
Share options exercised	1,510	(1,510)	-	-	-	-
Ordinary dividend	-	-	(552,454)	(552,454)	-	(552,454)
Balance at 31 October 2022	**7,980**	**10,048,355**	**24,062,293**	**34,118,628**	**1,083,305**	**35,201,933**
Profit for the period	**-**	**-**	**113,820,835**	**113,820,835**	**2,572,759**	**116,393,594**
Other comprehensive income	-	83,766,297	-	83,766,297	-	83,766,297
Total comprehensive income	-	83,766,297	113,820,835	197,587,132	2,572,759	200,159,891
Employee share option expense	-	1,073	-	1,073	-	1,073
Transactions with owners in their capacity as owners	-	-	659,216	659,216	15,393,827	16,053,043
Dividends	-	-	(5,038,500)	(5,038,500)	-	(5,038,500)
Balance at 31 October 2023	**7,980**	**93,815,725**	**133,503,844**	**227,327,549**	**19,049,891**	**246,377,440**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2023

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 2022 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. The conversion factors have been adopted from the Consumer Price Index (CPI) data prepared by the Zimbabwe National Statistics Agency (ZIMSTAT) for the period to January 2023. From February 2023, the government of Zimbabwe through Statutory instrument 27 of 2023, legislated the publication of blended CPI rates which took into account general price changes in both the US$ and the ZWL$ .IAS 29 paragraph 17 permits the use of an estimate-based price index in circumstances where the rate is not available. In the absence of the official ZWL$ Indices the Group opted to use the Total Consumption Poverty Line to estimate the CPIs. Conversion indices are as below:

	Index	**Conversion factor**
CPI as at 31 October 2023	49,223	1.00
CPI as at 31 October 2022	13,114	3.7535

3. FAIR VALUE ADJUSTMENT ON INVESTMENT PROPERTIES

Property valuations rely on historical market evidence for calculation of inputs. The property values have been calculated based on ZWL$ inputs, this is consistent with the valuations that were done in prior year.

4. AUDITORS STATEMENT

These abridged financial statements derived from the audited consolidated inflation adjusted financial statements of TSL Limited for the financial year ended 31 October 2023, should be read in conjunction with the complete set of financial statements for the year ended 31 October 2023 which have been audited by Grant Thornton Chartered Accountants (Zimbabwe) in accordance with International Standards on Auditing (ISAs). The auditors have issued a qualified audit opinion on the consolidated inflation adjusted financial statements with respect to non-compliance with International Accounting Standard (IAS) 21 -The Effects of Changes in Foreign Exchange Rates, International Accounting Standard (IAS) 8 – Accounting Policies, Changes in Accounting Estimated and Errors and International Financial Reporting Standard (IFRS) 13 – Fair Value Measurement on the valuation of investment properties and freehold land and buildings in prior periods.

The Auditors report includes a section of key audit matters outlining matters that in the auditor's professional judgement were of most significance in the audit of the consolidated inflation adjusted financial statements. The key audit matter was in respect of valuation of biological assets. The auditor's report on the consolidated inflation adjusted financial statements which form the basis of these financial results is available for inspection at the Group's registered office.

The engagement partner on the audit resulting in the auditor's report is Farai Chibisa (PAAB Number 0547).

5. 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.

6. CONTINGENT LIABILITIES

There were no significant events after the reporting date.

7. EVENTS AFTER THE REPORTING DATE

There have been no significant events after the reporting date.

8. NET FINANCE COSTS

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 AUDITED ZWL $000	**2022 AUDITED ZWL $000**	**2023 UNAUDITED ZWL $000**	**2022 UNAUDITED ZWL $000**
Interest on lease liabilities	419,506	379,598	253,479	61,951
Interest on debts and borrowings	2,082,317	5,606,120	2,628,906	1,147,474
Interest on investments with banks during the year	534,567	59,277	(519,710)	(1,830)
Net finance costs in profit or loss	**3,036,390**	**6,044,995**	**2,362,675**	**1,207,595**

Borrowing costs amounting to ZWL$1 billion were capitalised during the year ended 31 October 2023.

9. INCOME TAX CHARGE

The major components of income tax expense for the full years ended 31 October 2023 and 31 October 2022 are shown below:

	INFLATION ADJUSTED		HISTORICAL COST	
	2023 AUDITED ZWL $000	**2022 AUDITED ZWL $000**	**2023 UNAUDITED ZWL $000**	**2022 UNAUDITED ZWL $000**
Current income tax charge	9,133,729	3,422,540	9,133,730	911,661
Deferred tax	3,594,242	7,818,675	6,097,843	32,829
Income tax expense in profit or loss	**12,727,971**	**11,241,215**	**15,231,573**	**944,490**

10. BORROWINGS - INFLATION ADJUSTED

The terms and conditions of the borrowings are as below:

Authorised in terms of Articles of Association	276,588,075	246,786,530	230,324,395	35,147,980
Interest bearing loans and borrowings	**Interest rate %**	**Maturity**	**31 Oct 2023 US$**	**31 Oct 2022 US$**
Current interest bearing loans and borrowings:				
Bank borrowings	(2023):12%-14% (2022):100%-220%	2022	47,274,222	10,297,786
Non-current interest bearing loans and borrowings:				
Bank borrowings	(2023):12%-14%	2023	14,986,959	-
Total interest bearing loans and borrowings			**62,261,182**	**10,297,786**
Actual borrowings as a percentage of authorised borrowings			23%	4%

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 ZWL$120 billion (31 October 2022: ZWL$50 billion-inflation adjusted) in order to fulfil the collateral requirements for the borrowings in place. The counterparties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

11. GROUP CONDENSED SEGMENT RESULTS

INFLATION ADJUSTED	**Logistics Operations ZWL $000**	**Agriculture Operations ZWL $000**	**Real Estate Operations ZWL $000**	**Services ZWL $000**	**Eliminations ZWL $000**	**Consolidated ZWL $000**
For the year ended 31 October 2023						
Group revenue	62,342,105	110,156,789	19,234,781	5,066,932	(24,485,886)	172,314,721
Operating profit	5,427,756	21,658,643	69,952,528	(6,449,742)	-	90,589,185
Depreciation and amortisation	(2,210,560)	(4,917,372)	(600,878)	(181,323)	-	(7,910,133)
Fair value adjustment and impairments	-	(66,888)	57,605,018	1,772,195	-	59,310,325
Cost of sales	(1,348,259)	(32,363,564)	-	-	920,065	(32,791,758)
Staff costs	(20,270,935)	(25,174,220)	(1,237,165)	(6,605,390)	-	(53,287,710)
Monetary gain/(loss)	(24,264,633)	(2,122,715)	18,814,697	(1,256,568)	-	(8,829,219)
Expected credit losses	(436,531)	(4,831,742)	(98,544)	-	-	(5,366,817)
Income tax expense	(1,829,896)	(8,309,199)	(2,588,876)	-	-	(12,727,971)
For the year ended 31 October 2022						
Group revenue	26,606,287	41,337,923	6,846,620	3,057,500	(11,250,007)	66,598,323
Operating profit	2,193,137	7,978,378	39,263,807	(959,334)	(534,059)	47,941,929
Depreciation and amortisation	(1,867,929)	(1,587,426)	(205,427)	(305,554)	(1,721,767)	(5,688,103)
Fair value adjustment and impairments	-	4,733,406	34,997,939	(1,739,720)	-	37,991,625
Cost of sales	(914,075)	(15,547,579)	-	-	456,034	(16,005,620)
Staff costs	(8,548,969)	(8,848,758)	(625,943)	(2,167,644)	(7,814)	(20,199,128)
Monetary gain/(loss)	2,792,628	(9,889,002)	13,752,119	6,112,133	-	12,767,878
Expected credit loss	(241,684)	(2,650,294)	(38,122)	-	-	(2,930,100)
Income tax expenses	(3,431,130)	(1,526,392)	(6,278,874)	(4,819)	-	(11,241,215)

12. SUPPLEMENTARY INFORMATION

	INFLATION ADJUSTED	
	2023 AUDITED ZWL $000	**2022 AUDITED ZWL $000**
Capital commitments - authorised but not contracted for	69,759,835	44,946,530

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

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To the members of TSL Limited

Report on the Audit of the Consolidated Inflation Adjusted Financial Statements

Qualified Opinion

We have audited the consolidated inflation adjusted financial statements of TSL Limited set out on pages **9 to 61**, which comprise the consolidated statement of financial position as at 31 October 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant group accounting policies.

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, the consolidated inflation adjusted financial statements present fairly, in all material respects, the financial position of TSL Limited as at 31 October 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Non-compliance with International Accounting Standard (IAS) 21 -The Effects of Changes in Foreign Exchange Rates in the prior periods and International Accounting Standard (IAS) 8 - Accounting Policies, Changes in Accounting Estimated and Errors

During the prior financial years, the foreign currency denominated transactions and balances of the Group were translated into Zimbabwe Dollars (ZWL) using the interbank exchange rates which were not considered appropriate spot rates for translations as required by IAS 21. The opinion on the consolidated inflation adjusted financial statements for the year ended 31 October 2022 was modified in respect of this matter, and the misstatements have not been corrected in the consolidated inflation adjusted financial statements for the year ended 31 October 2023.

As the non-compliance with IAS 21 is from prior financial years and there have been no restatements to the prior year financial statements in accordance with IAS 8, some comparative numbers in the financial information may be misstated. Our opinion on the consolidated inflation adjusted financial statements for the year ended 31 October 2023 is modified because of the residual effects of the non-compliance with IAS 21 and the possible effects of the above matters on the comparability of the current financial information to corresponding figures of the comparative period.

Non-compliance with International Financial Reporting Standard (IFRS) 13 - Fair Value Measurement on the valuation of investment properties and freehold land and buildings in prior periods.

As at 31 October 2021, the Group's investment properties, and freehold land and buildings were revalued by independent professional valuers in USD and converted to ZWL using the interbank foreign exchange rate. Although the determined USD values reflected the fair value of the investment properties, and freehold land and buildings in USD, the converted ZWL values were not in compliance with IFRS 13 as they may have not reflected the assumptions that market participants would apply in valuing similar items of investment properties, and freehold land and buildings in ZWL.

Although valuations were subsequently performed as at 31 October 2022 and 2023 in ZWL, the opening investment property, freehold land and buildings and equity balances as at 1 November 2021 recognised in the comparative consolidated statement of financial position, the related fair value movements and depreciation recognised in the consolidated statement of profit or loss and the related revaluation movement recognised in the consolidated statement of comprehensive income for the year ended 31 October 2022 were misstated. As a result of these misstatements in the prior period, our opinion on the consolidated inflation adjusted financial statements for the year ended 31 October 2023 is modified because of the possible effects on comparability of the current financial information to corresponding figures of the comparative period.

The effects of the above non-compliance with the requirements of IAS 21, IAS 8 and IFRS 13 have been considered to be material but not pervasive to the consolidated financial statements as a whole.

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 Annual Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters 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
Biological assets • Planted tobacco, banana produce, maize, wheat, soya beans and katambora grass not yet harvested are classified as biological assets and are accounted for in accordance with International Accounting Standard (IAS) 41 – *'Agriculture'*. • The value of biological assets recognised in the statement of financial position as at 31 October 2022 amounted to **ZWL 2.91 billion** (**2022:** ZWL 1.65 billion). • The valuation of biological assets is an area of significant estimate and judgement. The valuation requires complex measurements and involves estimation uncertainty. • The key measurements and assumptions having the most significant impact on the fair value of the biological assets include: ❖ Determination of market prices of crops for fair valuation in accordance with IFRS 13; ❖ Determination of maturity profile of the crops as at 31 October 2023; ❖ Determination of expected yields (tonnes) from unharvested produce; and	In addressing the matter, our procedures included the following: • Obtaining an understanding and testing the design and operating effectiveness of relevant controls. • Assessing and evaluating the key assumptions and methodologies used in the valuation model by management in determining the fair values of the biological assets for reasonableness. • Assessing the reasonableness of the Group's fair value calculation and the related sensitivity disclosures, by performing our own sensitivity analysis on the biological assets. • Assessing the consistency of application of the valuation model on a year on year basis. • Independently calculating the fair value and comparing the valuation model inputs to internal data and the external data. • Involved our internal valuation experts to evaluate the discount rate used by management in discounting cash flows. • Reviewing the appropriateness and adequacy of the disclosures for fair value measurement in the consolidated financial statements. We concluded that the assumptions made by

❖ Determination of appropriate discounting rate. • Due to estimates and assumptions involved in the determination of the fair value of biological assets, this area has been considered as a key audit matter.	management were reasonable.

Other information

The Board is responsible for the other information. The other information comprises of the information included in the annual report other than the financial statements and our auditor's report thereon. The other information was obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information 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. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 management.
- Conclude on the appropriateness of management's 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 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 financial statements, including the disclosures, and whether the 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 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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

In our opinion, except for the non-compliance with International Accounting Standards as described in our Basis for Qualified Opinion, the financial statements have been properly prepared in compliance with the requirements of the Companies and Other Business entities Act (Chapter 24:31).

The engagement partner on the audit resulting in this Independent auditor's report is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

31 January 2024

HARARE