CONTENTS

FINANCIAL HIGHLIGHTS

		2018	Restated 2017	Change
Revenue	**$**	**52,082,975**	**43,775,067**	**19%**
Operating profit	$	9,134,072	7,002,016	30%
Profit before tax	$	15,302,765	6,380,382	140%
Profit after tax attributable to equity holders of the parent	$	12,282,828	4,258,642	188%
Total comprehensive income attributable to equity holders of the parent	$	9,850,708	7,986,680	23%
Basic earnings per share	$	0.034	0.012	183%
Diluted earnings per share	$	0.034	0.012	183%
Headline earnings per share	$	0.012	0.011	9%
Diluted headline earnings per share	$	0.012	0.011	9%
Net asset value per share	$	0.243	0.232	5%
Financial gearing ratio		13%	14%	-1%
Current ratio		1.8	1.4	29%
Dividend per share	$	0.0181	0.0045	302%
Shares in issue at year end	000's	357,102	357,102	0%

COMPANY PROFILE

TSL Limited is a holding company incorporated and domiciled in Zimbabwe, whose shares are publicly traded on the Zimbabwe Stock Exchange.

TSL, through its subsidiaries, has substantial interests in logistics, agriculture and real estate.

The Company was founded in 1957 and through the energetic pursuit and implementation of a diversification strategy has grown to become a significant player in its chosen spheres of operation.

VISION STATEMENT

To become the standard of excellence in providing innovative solutions in logistics, real estate, commodity production and trading in the Southern African Development Community for the benefit of all stakeholders.

MISSION STATEMENT

By using the latest technology and developing its employees, each of the Group's operating companies strives to attain market leadership through the provision of quality goods and outstanding service to its customers, thereby creating and maximising shareholder value.

CORE VALUES

To ensure the prosperity and well being of TSL Limited's shareholders, employees and customers, sustainable long term profit growth is essential. In its pursuit of its mission and vision, the TSL Group is guided by the following philosophies:

- A decentralised management structure which provides a large degree of autonomy to subsidiaries in their own management, with a small corporate head office providing strategic direction, coordination of Group activities and shared services in finance and treasury, human resources, procurement and information technology.

- The Company's success is derived from its employees and in this regard, mutual respect, open communication, teamwork, individual initiative and reward for excellent performance are upheld throughout the Group.

- Customers can count on our strongest commitment to meet their needs with high quality products and superior service, supported by innovative technology and continuous improvement.

- Our conduct demonstrates a deep concern for human safety and environmental stewardship while embracing the highest standards of ethics and good corporate governance.

GROUP STRUCTURE

SEGMENT	COMPANY	ACTIVITIES	HOLDING
	SUBSIDIARIES		
REAL ESTATE	TSL Properties Limited	Property owning	100%
	Southerton Properties(Private) Limited	Property owning	100%
	H.G.P.Vorstermans (Private) Limited	Property owning	100%
	Tobacco Producers Floor (Private) Limited	Property owning	100%
	Ridwyn (Private) Limited	Property owning	100%
	Tobacco Warehouse & Export Company (1946) Limited	Property Owning	99.9%
	Bak Storage (Private) Limited	Property Owning	100%
	Propak (Private) Limited	Property Owning	100%
LOGISTICS	Bak Logistics (Private) Limited	General and specialised warehousing, inland port services, distribution and transport, freight forwarding and customs clearing	99.9%
	Car Rental Services (Private) Limited – Avis	Rental of motor vehicles	100%
AGRICULTURE	Chemco Holdings (Private) Limited	Administrative Services	100%
	Agricura (Private) Limited	Retailing of agricultural inputs and hardware. Importation, formulation and supply of crop and livestock protection chemicals.	67.5%
	Tobacco Sales Floor Limited	Auctioning of tobacco	100%
	Propak Hessian (Private) Limited	Supply of tobacco hessian wraps and paper	100%
	Chimayo Investments (Private) Limited	Production of agricultural commodities	100%
	TSL Trading (Private) Limited	Retailing of agricultural inputs and hardware	100%
SERVICES	Tobacco Sales Administration Services (Private) Limited	Treasury and administrative services	100%
	TSL (Mauritius) Limited	Treasury and administrative services	100%
	INVESTMENTS		
INVESTMENTS	Cut Rag Processors (Private) Limited	Manufacture of cut rag and cigarettes	30%

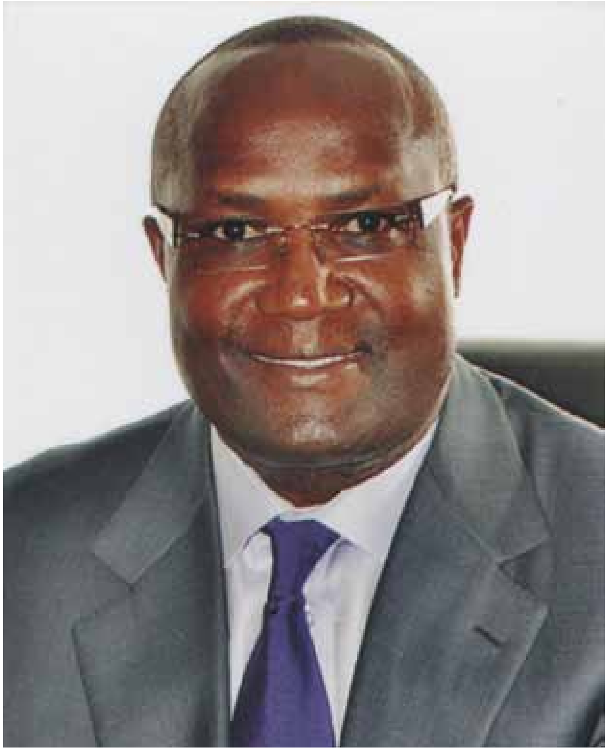
DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS		
Chairman	A S Mandiwanza	
Chief Executive Officer	P Devenish	Executive Director (Appointed on 1 May 2018)
Chief Finance Officer	D Odoteye	Executive Director
	P Mujaya	Executive Director
	B Ndebele	
	P Shah	
	H Rudland	
	M Nzwere	
	W Matsaira	
FINANCE AND RISK COMMITTEE		
Chairman	B Ndebele	
	H Rudland	
	P Shah	
	M Nzwere	
REMUNERATION COMMITTEE		
Chairman	A S Mandiwanza	
	W Matsaira	
	M Nzwere	
	B Ndebele	
INVESTMENT COMMITTEE		
Chairman	W Matsaira	
	P Shah	
	H Rudland	
NOMINATIONS COMMITTEE		
Chairman	H Rudland	
	W Matsaira	
	M Nzwere	
MANAGEMENT		
	P Devenish	Chief Executive Officer
	D Odoteye	Chief Finance Officer
	P Mujaya	Executive Director
SECRETARIES	Tobacco Sales Administration Services (Private) Limited	P O Box 66043 Kopje Harare
TRANSFER SECRETARIES	Corpserve (Private) Limited	P O Box 2208 Harare
REGISTERED OFFICE	28 Simon Mazorodze Road Southerton Harare	Telephone: 754666/7 Fax: 754673 email: admin@tsl.co.zw
PRINCIPAL BANKERS	First Capital Bank	Birmingham Road Branch
AUDITORS	Ernst & Young Chartered Accountants (Zimbabwe) (Registered Public Auditors)	Angwa City Cnr Julius Nyerere Way/ Kwame Nkrumah Avenue P O Box 62 Harare

Group MANAGEMENT

Cluster	Company	Management
REAL ESTATE	**TSL Properties Limited Group**	**T Dinga**
LOGISTICS	**Head of cluster**	**G Argyros**
	Bak Logistics (Private) Limited	G Argyros
	Premier Forklift Services (Division)	P Svikiro
	Key Logistics (Division)	C Hambury
	Car Rental Services (Private) Limited – Avis	B Sande (Mrs)
AGRICULTURE	**Head of cluster**	**P Mujaya**
	Agricura (Private) Limited	S Gutura
	Tobacco Sales Floor Limited	M Machingaidze (Mrs)
	Propak Hessian (Private) Limited	C Muchenje
	Chimayo Investments (Private) Limited	D Whaley
SERVICES	**Tobacco Sales Administration Services (Private) Limited**	**D Odoteye**

CHAIRMAN'S STATEMENT & REVIEW OF OPERATIONS



REVIEW OF THE ECONOMIC ENVIRONMENT

For the better part of the financial year, there was positive sentiment in the operating environment as the new national thrust was focused on the economy. This manifested itself in some growth in certain sectors. However, the underlying economic fundamentals remained difficult. There was a shortage of foreign currency and this fuelled inflation, eroded disposable incomes and complicated trading and pricing of products and services.

The 2017/18 rainfall season was reasonable, although a mid-summer drought was experienced in January. Zimbabwe achieved its highest ever recorded volume of tobacco produced at 253 million kilograms. The average national tobacco price receded marginally to $2.92/kg from $2.96/kg.

FUNCTIONAL CURRENCY

The Group has in previous financial periods used the United States of America Dollar ("US$") as its presentation and functional currency. The fiscal and monetary policy pronouncements made in October 2018 led to a reassessment of the functional currency and a justification to conclude that, under IAS 21 Effects of Foreign Exchange Rates, there was a change in functional currency. However, this could not be effected because, at law, there was no local currency in Zimbabwe until 22 February 2019. The inconsistency between the legal requirements and International Financial Reporting Standards ("IFRS") resulted in auditors expressing an adverse opinion on the financial statements, which is a market wide phenomenon.

PERFORMANCE OVERVIEW

The Group produced a positive set of results for the year ended 31 October 2018. Revenue increased by 19% to $52.1 million, operating profit was up 30% to $9.1 million and profit before tax from operations was 20% above prior year at $7.6 million.

The agriculture cluster performed strongly. The tobacco-related businesses benefitted from the growth in national tobacco volumes. The agro-inputs business had a good year, given the reasonable 2017/18 rainfall season and its early procurement of product to ensure better availability. These factors resulted in marked volume growth.

The logistics cluster performed well. There was significant volume growth in general cargo and tobacco handled. The ports and distribution divisions continue to be affected by low levels of imports. The cluster has signed on a few significant customers which should see a steady increase in volumes handled over time.

The real estate cluster's performance was satisfactory with minimal voids. Three new warehouses were constructed and brought into use at the Vorstermans Complex. The planned project upgrades which were intended to start in the second half of the year were deferred to the 2019 financial year, given the volatility of pricing in the market.

During the period, the Group disposed of its entire 16.53% stake in Nampak Zimbabwe Limited, which had been designated as available for sale since October 2014. A non-operating profit on disposal of $7.7 million has been shown in the income statement. A special cash dividend of $4.8 million was distributed to shareholders. $10 million of the proceeds has been set aside for capital projects to be undertaken in the 2019 financial year.

The Group's financial position remains sound. Net Asset Value per share has increased by 5% to 24.3 cents. The Group's current ratio improved from 1.4 to 1.8, buoyed by funds from the disposal of the investment in Nampak. Cash generation remains healthy and efforts will be concentrated on improving this. Gearing has been marginally reduced to 13% from 14% as the Group continues to carefully control its financial commitments.

CHAIRMAN'S STATEMENT & REVIEW OF OPERATIONS

The preservation of value on the balance sheet and the generation of foreign currency are key priorities for the Group.

Agricultural Operations

Tobacco related services

Tobacco Sales Floor recorded satisfactory results and maintained its dominant position in the auctioning of the independent crop.

Propak Hessian achieved volume growth of 36% above prior year underpinned by a larger national tobacco crop size and an increase its market share. Foreign currency constraints, particularly in the second half of the year, were largely addressed through assistance from our tobacco merchant partners and allocations from the Reserve Bank. TSL Trading, which was a division of Propak, was discontinued at the end of the year, in order to concentrate on the core business of agricultural produce packaging.

Agricultural trading

Agricura achieved good growth in both sales volumes and expansion of its customer base largely attributable to timely product procurement and availability. An Agricura branded fertilizer was introduced and appears to have been well received by the market. Two new branches were opened to expand the Unit's distribution network. Competition is expected to intensify due to the Government's relaxation of the special import permit requirements for agricultural inputs in October 2018.

Farming Operations

Overall, the farming operations had a good year with the tobacco crop fetching better prices under the existing off-taker arrangement. Commercial and seed maize yields were down given disease pressures and the dry spell in January. The wheat and soya bean crop have fared reasonably well both in terms of yield and prices. The company exported its trial peas and prices received were satisfactory.

Logistics Operations

End to end logistics services

Bak Logistics has had an improved year. General cargo volumes were considerably up on prior year as the company introduced value-add services particularly for fertiliser importers. Tobacco volumes handled for existing merchants also increased. The distribution and ports businesses experienced a considerable decline in volumes of imports, which is reflective of the operating environment.

Premier Forklifts benefited from an extended processing season due to the larger tobacco crop. Forklift sales improved as the year progressed, resulting in an overall good performance for the business.

Key Logistics, the freight forwarding and customs clearance business, continues to perform satisfactorily whilst expanding its customer base. The performance of this business is heavily dependent on the ability of its customer base to import product.

Vehicle rental

Avis recorded growth in car hires to foreign travellers during the first half of the year. The Unit remains profitable and continues to generate foreign currency.

Real Estate Operations

The increased demand for warehousing due to the larger tobacco crop positively impacted the Unit's performance. Void levels were satisfactory given that certain leases with tenants were terminated in preparation for property redevelopments which had been slated for the second half of the year. Phase one of the Vorstermans development project was completed and the three new warehouses have been fully let.

Investments

The Group's investment in Cut Rag Processors (Private) Limited remains held-for-sale. A buyer has expressed interest and details of the transaction are at an advanced stage.

OUTLOOK

A review of the Group's 5 year strategy was completed. The renewed purpose of the Group is to "move agriculture" and to that end the focus is to bring significant efficiencies to Zimbabwean agricultural supply chains. We will work closely with producers and processors of agro-commodities to ensure that they can get the requisite inputs, commodity exchange services and end-to-end logistics solutions at a price and in a manner that allows them to compete locally and regionally. As we embark on this growth journey we will be investing in our people, upgrading our infrastructure and market presence, developing our technology platforms and leveraging on our local and international partnerships.

The generation of foreign currency remains a priority for the Group and all our business units are taking advantage of the available local and regional opportunities. Our growth will largely be organic, however we are actively seeking acquisitive opportunities that will complement our defined strategy.

CHAIRMAN'S STATEMENT & REVIEW OF OPERATIONS

Agricultural Operations

Tobacco related services

The cluster has invested substantially in re-engineering and upgrading its business processes, accessibility and facilities. Emphasis remains on growing our share of both the independent and contracted crop. A large national crop is expected in 2019 at similar levels to those in 2018. The final output will, however, depend on rainfall patterns in the second half of the farming season.

Stocking of hessian will be crucial and efforts have been intensified to ensure that adequate resources are available. The business is considering proposals to invest in other agro-packaging solutions for the market.

Agricultural trading

Agricura (Private) Limited has invested in new machinery to automate the powder chemicals production factory. More equipment and machinery upgrades will be undertaken in 2019 to improve efficiencies and product competitiveness. Going forward, we will strengthen key partnerships with international players in the industry and increase the product offering of the company.

Farming operations

The mix will remain largely unchanged being tobacco, soyas, wheat, commercial maize and bananas. Farm produce for export will be expanded. The bulk of the farm's crops will be produced under irrigation in order to reduce dependence on the unpredictable weather.

Logistics Operations

End to end logistics services

Bak Logistics (Private) Limited is actively expanding its customer base and its efficiencies in handling of various commodities. New tobacco clients have been signed up, and their green and packed tobacco will be handled through our end-to-end operations. We will continue to invest in increasing our forklift capacity to support the movement of agro-commodities and bulk minerals. The new Warehouse Management System software is currently being installed and is expected to be completed before April 2019.

Vehicle rental

Avis services a growing market of foreign tourists and business travellers and the strategy is to increase and upgrade the vehicle fleet to meet the needs of this segment.

Real Estate Operations

The major property upgrade projects that were deferred in the second half of the year will be undertaken in the 2019 financial year, creating new industrial warehousing space. On the more significant development projects, the company will look to partner with investors. The company is currently investing in upgrading its technology platform and developing its human capital.

DIRECTORATE

Mr. Washington Matsaira, who had been the Group CEO since 2012 retired on 30 April 2018. The Board thanks him for his invaluable contributions to the Group in some very challenging times. He remained on the Board as a Non-Executive Director with effect from 1 May 2018.

The Board wishes to welcome Mr. Patrick Devenish as Group CEO with effect from 1 May 2018.

Messrs., Kiritkumar Naik, Raphael Costa and Nick Swanepoel resigned from the Board during the year. The Board thanks them for their wise counsel and diligence during their tenure, which was characterised by some very trying times.

DIVIDEND

At their meeting held on 29 January 2019, the Directors declared an interim dividend of 0.70 cents per share payable in respect of all the ordinary shares of the Company. This dividend is in respect of the financial year ended 31 October 2018 and will be payable in full to all the shareholders of the Company registered at close of business on 15th February 2019.

The payment of this dividend took place on 25th February 2019. The shares of the Company were traded cum-dividend on the Stock Exchange up to the market day of 12th February 2019 and ex-dividend as from 13th February 2019.

AS MANDIWANZA
CHAIRMAN

26 April 2019

CORPORATE GOVERNANCE

ETHICS

TSL Limited is committed to maintaining high moral and ethical standards within the Group. The decentralised philosophy under which subsidiaries operate, relies on the high integrity of their management. TSL Limited strives to provide accurate and meaningful information to its stakeholders.

DIRECTORATE

The Board of Directors of TSL Limited consists of six non-executive members and three executive directors. The Chairmanship is held by a non-executive director. The Board meets regularly to review strategy, acquisition and disposal of assets and any material matters relating to the achievement of the Group's objectives. The Board is also responsible for monitoring the performance of the Group executive management. Consolidated management accounts are reviewed by the Board on a monthly basis in addition to an annual review of the Group budget. All Directors have access to the advice and services of the Company Secretary and where appropriate are at liberty to seek independent and professional advice at the Company's expense.

FINANCE AND RISK COMMITTEE

TSL Limited has a Finance and Risk Committee consisting of four non-executive directors, one of whom is the Chairman. The Committee meets at least three times per annum together with TSL executive management, external and internal auditors. The Committee has written terms of reference which have been approved by the Board of Directors.

Director	Number of Meetings Attended	Number of Eligible Meetings
B. Ndebele	3	3
R. Costa*	2	3
P. Shah	3	3
M. Nzwere	1	3
H. Rudland**	1	1

* replaced by H Rudland with effect from 18 July 2018

** appointed with effect from 18 July 2018

REMUNERATION COMMITTEE

The Remuneration Committee comprises of four non-executive directors, the Group Chief Executive Officer and the Group Chief Finance Officer. The Committee meets regularly to determine the remuneration paid to executives within the Group.

Director	Number of Meetings Attended	Number of Eligible Meetings
A. Mandiwanza	3	3
K. Naik*	1	1
W. Matsaira	3	3
D. Odoteye**	2	2
M. Nzwere	3	3
B. Ndebele***	1	1

* resigned on 21 June 2018

** replaced by B Ndebele with effect from 18 July 2018

*** appointed with effect from 18 July 2018

INVESTMENT COMMITTEE

The Investment Committee is made up of three non-executive directors with the main function being to review and provide guidance on investment strategies. The Committee meets as and when there are investment proposals requiring board attention.

Director	Number of Meetings Attended	Number of Eligible Meetings
B. Ndebele*****	1	1
K. Naik*	1	1
H. Rudland	1	1
N. Swanepoel**	1	1
W. Matsaira***	-	-
P. Shah****	-	-

* resigned with effect from 21 June 2018

** resigned with effect from 11 July 2018

*** appointed on 18 July 2018

**** appointed on 18 July 2018

***** replaced by P. Shah with effect from 18 July 2018

NOMINATIONS COMMITTEE

This is an adhoc Board committee chaired by a non-executive board member. Its main function is to review and make recommendations to the board on board and senior executive appointments. The committee meets as and when required.

Director	Number of Meetings Attended	Number of Eligible Meetings
H. Rudland	2	2
M. Nzwere	2	2
W. Matsaira	2	2

CORPORATE GOVERNANCE

INTERNAL CONTROL

The Board of Directors acknowledges its responsibility for maintaining and monitoring an effective system of financial controls. There are comprehensive management reporting disciplines in place which include the preparation of annual budgets. Monthly results are reported against approved budgets and revised estimates and compared to the previous year. Profit forecasts are updated regularly and working capital requirements and borrowings are monitored on an ongoing basis. The monitoring of internal control systems is carried out by the Group's Internal Audit department. Audit teams visit each operation regularly and their reports are reviewed by the Audit Committee. In addition, external auditors carry out their own system reviews and report where necessary to the Audit Committee.

DIRECTORS ATTENDANCE OF MEETINGS

(From 1 November 2017 to 31 October 2018)

Total Meetings 5	Meetings Attended	Number of Eligible Meetings
A. Mandiwanza	4	5
P. Devenish**	3	3
W. Matsaira*	5	5
P. Shah	5	5
B. Ndebele	5	5
H. Rudland	3	5
M. Nzwere	5	5
K. Naik***	3	3
N. Swanepoel***	3	4
R. Costa***	3	5
D. Odoteye	5	5
P. Mujaya	5	5

* W Matsaira retired as Group Chief Executive Officer on 30 April 2018. He remained on the Board as a Non-Executive Director with effect from 1 May 2018.

** P Devenish was appointed as Group Chief Executive Officer with effect from 1 May 2018.

*** K Naik resigned from the Board with effect from 21 June 2018.

*** N Swanepoel resigned from the Board with effect from 11 July 2018.

*** R Costa resigned from the Board with effect from 31 October 2018.

DEFINITIONS

The following definitions relate to terms used in this report:

Average	Opening balance plus closing balance divided by two.
Operating Margin	Income from operations as a percentage of turnover.
Return on total assets	Income from operations as a percentage of average total assets.
Return on equity	Income attributable to shareholders as a percentage of average shareholders funds.
Current ratio	Ratio of current assets to current liabilities
Interest cover	Income before taxation plus interest payable, divided by interest payable.
Price earnings ratio	Market price at year end divided by earnings per share.
Headline earnings	Net profit from ordinary activities adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group, net of their related tax effects and share of non-controlling interests as applicable.
Dividend cover	Earnings per share divided by dividend per share.
Capital employed	Shareholders' funds, non-controlling interest, long term liabilities, deferred income and deferred taxation.
Market capitalization	Share price at year end multiplied by number of shares in issue.
Net asset value per share	Shareholders' funds at end of year divided by number of shares in issue.
Return on Equity	Income after tax expressed as a percentage of average share capital and reserves for the year.
Equity	Share capital plus distributable and non-distributable reserves
Dividend yield	Dividend per share as a percentage of market price at year end.
Financial Gearing ratio	Ratio of interest bearing debt and total shareholders' funds

REPORT OF DIRECTORS

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 October 2018.

SHARE CAPITAL

The number of shares in issue remained unchanged at 357 102 445 ordinary shares.

RESERVES

The movement in the Group's reserves is shown in the Statement of Changes in Equity.

DIVIDENDS

The Directors have decided to declare a final dividend of 0.70 cents (2017: 0.45 cents) per share for the year ended 31 October 2018 after taking into consideration the Group profits for the year.

DIRECTORATE

Members will be asked to ratify the remuneration of the Directors for the past year at $157,300 (2017: $160,600) which had been budgeted at $160,000. Members will be asked to fix the budget for the remuneration of Directors for the ensuing year amounting to US$158,500.

GOING CONCERN STATEMENT

The Directors have assessed the ability of the Group to continue operating as a going concern, including the impact of SI33/19, and believe that the preparation of these financial statements on a going concern basis is still appropriate.

FUNCTIONAL AND PRESENTATION CURRENCY

The Group had in previous financial periods used the United States of America Dollar (US$) as its presentation and functional currency. The macroeconomic developments, fiscal and monetary policy changes disclosed in note 31, led to the reassessment of whether the US$ still met the primary and secondary indicators of the functional currency of the Group, in accordance with the provisions of IAS 21, with effect from 1 October 2018.

The Directors, based on their interpretation of IFRS had considered the Monetary Policy Statement (MPS) of 20 February 2019, and the subsequent emergence of an interbank exchange rate to be an adjusting event in terms of IAS 10 "Events after the reporting period".

The Directors, in compliance with Statutory Instrument 41 of 2019, which prescribed that where IFRS is not aligned to local laws, then local laws take precedence, therefore resolved not to effect the change in functional currency as at, and for the year ended 31 October 2018.

Because of the significance of the above matter, the consolidated financial statements have not, in all material respects, been properly prepared in accordance with the disclosure requirements of, and, in the manner required by the Companies Act [Chapter 24 : 03].

By Order of the Board

Tobacco Sales Administration Services (Private) Limited
28 Simon Mazorodze Road
Southerton
Harare

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of TSL are responsible for the preparation and integrity of the financial statements and other information included in this audited annual report. The principal accounting policies of the Group are consistent with those applied in the previous year except for the change in classification of hessian wraps as detailed in note 12.1. The financial statements conform to International Financial Reporting Standards (IFRS) except for IAS 21, Effects of changes in foreign exchange rates and IAS 10, Events after the reporting period (refer to note 3 and note 31). Suitable accounting policies have been used and consistently applied, and reasonable and prudent judgements and estimates have been made.

To fulfil their responsibilities, the Directors ensure that the Group maintains systems of internal control which are designed to provide reasonable assurance that the records accurately reflect the transactions of the Group to provide protection against serious misuse or loss of Group assets.

The external auditors are responsible for independently auditing and reporting on these financial statements in accordance with International Standards on Auditing. Regular meetings are held between management and internal and external auditors to review matters relating to internal financial controls, auditing and financial reporting. Our auditors also meet periodically with the Finance and Risk Committee of the Board of Directors to discuss these matters. The auditors have unrestricted access to the Finance and Risk Committee.

The financial statements were prepared by TSL Limited's Finance Department under the direction and supervision of the Chief Finance Officer, Mr. Derek Odoteye (PAAB Number 877).

The financial statements for the year ended 31 October 2018, which appear on pages 20 to 77 have been approved by the Board of Directors on 26 April 2019 and are signed on its behalf by:

A.S. Mandiwanza
Chairman

P. Devenish
Chief Executive Officer

Building a better
working world

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors
Angwa City
Cnr Julius Nyerere Way /
Kwame Nkrumah Avenue
P O Box 62 or 702
Harare
Zimbabwe

Tel: +263 4 750905-14 or 750979-83
Fax: +263 4 750707 or 773842
E-mail: admin@zw.ey.com
www.ey.com

Independent Auditor's Report

To the Shareholders of TSL Limited

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the consolidated financial statements of TSL Limited and its subsidiaries (the Group) set out on pages 20 to 77, which comprise the consolidated and company statement of financial position as at 31 October 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not present fairly the consolidated financial position of the Group as at 31 October 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Adverse Opinion

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

These events triggered the need for reporting entities to assess whether there was a change in functional currency (from US$ to RTGS$) and the 1:1 RTGS$:US$ exchange rate as at and prior to the 31 October 2018 year end.

Based on International Financial Reporting Standards IAS 21-*The Effects of Changes in Foreign Exchange Rates* ("IAS 21") the functional currency of an entity is *the currency of the primary economic environment in which the entity operates and reflects the underlying transactions, events and conditions that are relevant to it.* In addition, paragraph 2.12 of the *Conceptual Framework for Financial Reporting* ("the Conceptual Framework") prescribes that for financial information to be useful, it *"must not only represent relevant phenomena, but it must also faithfully represent the substance of the phenomena that it purports to represent. In many circumstances, the substance of an economic phenomenon and its legal form are the same. If they are not the same, providing information only about the legal form would not faithfully represent the economic phenomenon."*

In addition, International Financial Reporting Standards IAS 10 - *Events after the Reporting Period* ("IAS 10") also requires an entity to adjust the amounts recognised in its financial statements to reflect events after the reporting period that provide evidence of conditions that existed at the end of the reporting period.

We believe that events in the market and subsequent promulgation of the RTGS$ as a formal currency supports that there was a change in functional currency from US$ to RTGS$ and that transactions in the market indicated a different rate between the two currencies despite the legal 1:1 RTGS$:US$ exchange rate and this occurred prior to the 31 October 2018 year end.

This impacts the basis for measuring transactions that occurred between 01 October and 31 October 2018, the valuation of assets and liabilities at year end as well as the accounting for foreign exchange differences. We believe that the consolidated financial statements are required to be adjusted for these changes and that it is inappropriate to provide note disclosures as a proxy for adjusting the financial statements as this is not in conformity with IAS 10.

The functional currency applied by the directors is the United States Dollar (US$) and the financial statements are presented in US$. Although the directors assessed these changes as constituting an adjusting event, the balances and transactions on the financial statements of the group were not converted to US$ at an RTGS$:US$ exchange rate that reflects the economic substance of its value as required by International Financial Reporting Standards ("IFRS"). This is because the directors applied the legal rate of 1:1 as pronounced by Statutory Instrument 133 of 2016, Statutory Instrument 33 of 2019 and the Monetary Policy Statements of the 22nd of February 2018, 1st of October 2018 and 20th of February 2019. The directors have provided more information on their approach in Note 3 and Note 31 to the financial statements.

In terms of IAS 21, foreign currency monetary items shall be translated using the closing rate, non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction; and non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured. Foreign currency transactions shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Therefore, had RTGS$ been designated as the functional currency and a different RTGS$:US$ currency rate been determined and applied by the directors, virtually every account in, and the information provided by way of notes to, the accompanying financial statements, would have been materially different. The effects of the departure from IFRS are pervasive to the financial statements and have not been quantified.

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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

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

Other information
The directors are responsible for the other information. Other information consists of the Financial Highlights, the Chairman's Statement & Review of Operations, Corporate Governance Report, Report of the Directors and

the Director’s Responsibility statement which were obtained prior to the date of this report. 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Group did not comply with the requirements of IAS 21 - Effects of Changes in Foreign Exchange Rates. We have concluded that the other information is materially misstated for the same reason with respect to the amounts or other items in the Directors’ Report affected by the failure to comply with the referred standard.

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 Companies Act (Chapter 24:03), 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, related safeguards.

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.

Report on Other Legal and Regulatory Requirements

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements have not in all material respects, been properly prepared in compliance with the disclosure requirements of and in the manner required by the Companies Act (Chapter 24:03).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Fungai Kuipa (PAAB Practicing Certificate Number 335).

Ernst & Young

Ernst & Young
Chartered Accountants (Zimbabwe)
Registered Public Auditors

Harare
26 April 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 October 2018

	Notes	2018 $	2017 $
Revenue			
Sale of goods		23,547,312	13,154,623
Rendering of services		28,535,663	30,620,444
Total revenue		**52,082,975**	**43,775,067**
Cost of sales		(15,373,704)	(14,063,935)
Gross profit		**36,709,271**	**29,711,132**
Other operating income	5.1	2,179,788	3,097,072
Other operating expenses	5.2	(10,340,043)	(10,232,911)
Staff costs	6.1	(15,887,366)	(12,744,882)
Depreciation and amortisation	6.2	(3,527,578)	(2,828,395)
Operating profit		**9,134,072**	**7,002,016**
Fair value adjustments	6.3	(111,606)	623,209
Impairment of held-for-sale investment	6.4	(78,856)	-
Profit on disposal of available for-sale-investment	9.1	7,661,437	-
Finance costs	5.3	(1,312,065)	(1,291,007)
Finance income	5.4	9,783	46,164
Profit before tax		**15,302,765**	**6,380,382**
Income tax expense	7	(2,392,922)	(1,537,132)
Profit for the year		**12,909,843**	**4,843,250**
Attributable to:			
Equity holders of the parent		12,282,828	4,258,642
Non-controlling interests		627,015	584,608
		12,909,843	**4,843,250**
Earnings per share :	8		
- Basic earnings for the year attributable to ordinary equity holders of the parent		0.034	0.012
- Diluted earnings for the year attributable to ordinary equity holders of the parent		0.034	0.012
- Headline earnings per share		0.012	0.011
- Diluted headline earnings per share		0.012	0.011

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 October 2018

	Notes	2018 $	2017 $
Profit for the year		**12,909,843**	**4,843,250**
Other comprehensive income			
Other comprehensive income to be reclassified to profit in subsequent periods:			
Available-for-sale reserve	9.1	–	3,140,368
Recycling of Available-for-sale investment reserve	9.1	(3,086,151)	–
Deferred tax	7	30,862	(31,404)
		(3,055,289)	**3,108,964**
Other comprehensive income not to be reclassified to profit in subsequent periods:			
Revaluation of property	12	955,114	871,801
Deferred tax	7	(245,942)	(224,489)
		709,172	**647,312**
Other comprehensive (loss)/ income for the year, net of tax		**(2,346,117)**	**3,756,276**
Total comprehensive income for the year, net of tax		**10,563,726**	**8,599,526**
Attributable to :			
Equity holders of the parent		9,850,708	7,986,680
Non-controlling interests		713,018	612,846
		10,563,726	**8,599,526**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 October 2018

Assets	Notes	2018 $	Restated* 2017 $
Non-current assets			
Property, plant and equipment	12	39,712,628	38,766,499
Investment properties	13	38,378,150	36,255,860
Available for sale investments	9.1	–	10,040,368
Intangible assets	15	991,284	817,074
		79,082,062	**85,879,801**
Current assets			
Biological assets	14	1,678,706	499,429
Inventories	17	9,272,944	4,487,965
Trade and other receivables	18	11,504,498	9,218,314
Inventory prepayments		2,616,841	2,741,275
Financial assets Held-for-trading	9.2	3,658,354	–
Cash and short term deposits	19	3,422,416	2,309,674
		32,153,759	**19,256,657**
Held-for-sale investment	10	1,998,144	2,077,000
		34,151,903	**21,333,657**
Total assets		**113,233,965**	**107,213,458**
Equity and liabilities			
Equity			
Issued capital	20	3,571,023	3,571,023
Share premium	20	2,898,801	2,898,801
Non-distributable reserves	20.1	44,511,884	46,944,004
Retained earnings		31,861,958	26,042,724
Equity attributable to owners of the parent		**82,843,666**	**79,456,552**
Non-controlling interest	30	3,917,423	3,204,405
Total equity		**86,761,089**	**82,660,957**
Non-current liabilities			
Interest-bearing loans and borrowings	21	1,762,580	3,093,745
Deferred tax liabilities	7	6,879,272	7,686,202
		8,641,852	**10,779,947**
Current liabilities			
Trade and other payables	22	5,595,460	3,479,265
Interest-bearing loans and borrowings	21	9,623,039	8,558,571
Bank overdraft	19	281,425	216,069
Provisions	22.1	658,282	451,098
Income tax payable		1,672,818	1,067,551
		17,831,024	**13,772,554**
Total liabilities		**26,472,876**	**24,552,501**
Total equity and liabilities		**113,233,965**	**107,213,458**

* Restated (refer to Note 12.1)

For and on behalf of the board:

A Mandiwanza
Chairman
26 April 2019

P Devenish
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 October 2018

	Attributable to the equity holders of the parent						
	Issued capital $	Share premium $	Non-distributable reserves $	Retained earnings $	Total $	Non-controlling interest $	Total Equity $
As at 1 November 2017	**3,571,023**	**2,898,801**	**46,944,004**	**26,042,724**	**79,456,552**	**3,204,405**	**82,660,957**
Profit for the year	–	–	–	12,282,828	12,282,828	627,015	12,909,843
Other comprehensive income	–	–	(2,432,120)	–	(2,432,120)	86,003	(2,346,117)
Total comprehensive income	–	–	(2,432,120)	12,282,828	9,850,708	713,018	10,563,726
Dividends (Note 23)	–	–	–	(6,463,594)	(6,463,594)	–	(6,463,594)
At 31 October 2018	**3,571,023**	**2,898,801**	**44,511,884**	**31,861,958**	**82,843,666**	**3,917,423**	**86,761,089**
As at 1 November 2016	**3,571,023**	**2,898,801**	**43,215,966**	**22,855,388**	**72,541,178**	**2,591,559**	**75,132,737**
Profit for the year	–	–	–	4,258,642	4,258,642	584,608	4,843,250
Other comprehensive income	–	–	3,728,038	–	3,728,038	28,238	3,756,276
Total comprehensive income	–	–	3,728,038	4,258,642	7,986,680	612,846	8,599,526
Dividends (Note 23)	–	–	–	(1,071,306)	(1,071,306)	–	(1,071,306)
At 31 October 2017	**3,571,023**	**2,898,801**	**46,944,004**	**26,042,724**	**79,456,552**	**3,204,405**	**82,660,957**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 October 2018

	Notes	2018 $	2017 $
Operating activities			
Profit before tax		15,302,765	6,380,382
Adjustments to reconcile profit before tax to net cash flows	26.1	(2,512,973)	3,842,074
Working capital adjustments:			
Increase in trade and other receivables and prepayments		(2,161,751)	(1,401,653)
Increase in inventories and biological assets		(5,354,698)	(2,312,454)
Increase/(Decrease) in trade and other payables		2,116,195	(863,280)
		7,389,538	**5,645,069**
Interest received		9,783	46,164
Interest paid	26.2	(1,312,065)	(1,291,007)
Income tax paid		(2,810,383)	(1,114,474)
Dividend received from investment		–	300,000
Net cash flows from operating activities		**3,276,873**	**3,585,752**
Investing activities			
Purchase of property, plant and equipment	26.4	(6,203,279)	(4,109,179)
Proceeds from sale of property, plant and equipment		275,392	243,324
Purchase of intangible assets		(186,963)	–
Proceeds from sale of available for sale investments	9.1	14,615,654	–
Purchase of Held-for-trading investments	9.2	(4,000,000)	–
Repayment of loan by former associate		–	66,541
Net cash generated /(used) in investing activities		**4,500,804**	**(3,799,314)**
Financing activities			
New loan amount received	26.3	7,400,000	9,000,000
Loan amount repaid during the year	26.3	(7,666,697)	(8,889,156)
Ordinary dividend paid		(1,669,960)	(1,071,306)
Special dividend paid		(4,793,634)	–
Net cash used in financing activities		**(6,730,291)**	**(960,462)**
Net increase /(decrease) in cash and cash equivalents		1,047,386	(1,174,024)
Cash and cash equivalents at 01 November		2,093,605	3,267,629
Cash and cash equivalents at 31 October	19	**3,140,991**	**2,093,605**
Represented by:			
Cash and bank balances		3,422,416	2,309,674
Bank overdraft		(281,425)	(216,069)
		3,140,991	**2,093,605**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2018

1. Corporate information

The consolidated financial statements of the Group for the year ended 31 October 2018 were authorised for issue in accordance with a resolution of the directors on 26 April 2019. The Group is a limited company incorporated and domiciled in Zimbabwe whose shares are publicly traded. The registered office is located at 28 Simon Mazorodze Road, Southerton, Harare.

The principal activities of the Group are described in Note 11.

2. Basis of preparation

The consolidated financial statements are prepared in accordance with the going concern and historical cost basis except where otherwise indicated. The accounting policies are applied consistently throughout the Group. The consolidated financial statements are presented in United States Dollar (US$) (refer to note 3 and note 31) and all values are rounded to the nearest dollar except where otherwise stated.

2.1 Statement of compliance

The financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB) and in a manner required by Zimbabwe Companies Act [Chapter 24:03] except for IAS 21, effects of changes in foreign exchange rates and IAS 10, events after the reporting period (refer to note 3 and note 31).

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries and investments as at 31 October 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
ii) Exposure, or rights, to variable returns from its involvement with the investee, and
iii) The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

i) The contractual arrangement with the other vote holders of the investee
ii) Rights arising from other contractual arrangements
iii) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non- controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to bring their accounting policies into line with the Group's accounting policies. All intra-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a) De-recognises the assets (including goodwill) and liabilities of the subsidiary
b) De-recognises the carrying amount of any non- controlling interests
c) De-recognises the cumulative translation differences recorded in equity
d) Recognises the fair value of the consideration received
e) Recognises the fair value of any investment retained
f) Recognises any surplus or deficit in profit or loss
g) Reclassifies the parent's share of components

previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

2.3 Summary of significant accounting policies

a) Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 in profit or loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

b) Investment in associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c) Foreign currency translation

The Group's consolidated financial statements are presented in United States dollars (US$) (refer to note 3).

Each entity in the Group uses the US$ as its functional and presentation currency and items included in the financial statements of each entity are measured using that currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency spot rate of exchange ruling at the reporting date. Difference arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

d) Revenue and other income recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

i) Sale of goods

The Group generates revenue from the sale of agricultural inputs and commodities. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

ii) Rendering of services

The Group renders tobacco auctioning services and total logistics solutions. Revenue from rendering of services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

iii) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR),which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

iv) Dividend income

Revenue is recognised when the Group's right to receive the payment is established.

v) Rental income
Rental income receivable from operating leases except for contingent rental income which is recognised when it arises, is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Incentive for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option. Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the income statement when the right to receive them arises.

e) Taxes
Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

i) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

Valued added tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except:

a) Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
b) Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

f) Property, plant and equipment

Plant, equipment and motor vehicles are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant, equipment and motor vehicles and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant, equipment and motor vehicles are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciate them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. The carrying amount of those parts of plant, equipment and motor vehicles that are replaced is derecognised. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. There are no reclassifications of revaluation gains to retained earnings on depreciation or disposal

Bearer plant are initially measured at cost and revalued subsequent to the date of initial recognition. The bearer plants comprise of mature banana plantations. Immature crops, including the cost incurred for procurement of new seeds and maintenance of nurseries, are carried at cost less any recognized impairment losses under capital work-in-progress. Cost includes the cost of land preparation, new planting, fertilizing, maintenance of newly planted bushes for a period of one year until maturity. On maturity (i.e; when the bearer plants are ready for their intended use), these costs are classified under bearer plants. Depreciation of bearer plants commence when they are ready for their intended use. Depreciation on bearer plants is recognised so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the bearer plants has been determined to be 20–30 years.

Hessian wraps are held for leasing to third parties. Hessian wraps are measured at cost and depreciated over their useful life. The estimated useful life of hessian wraps is estimated at the end of each reporting period. Hessian wraps that are not returned after hiring are de-recognised and the loss recognised in profit and loss. It is estimated that between 10%-20% of the hessian wraps may not be returned, and a provision is made in the computation of depreciation of the hessian wraps. Any damaged hessian wraps are impaired and the impairment loss recognised in profit and loss.

Any revaluation surplus is credited to the other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the other comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the income statement.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation on all assets is recognised on a straight line basis so as to write off their cost less residual values over useful lives which are estimated as follows:

❖ Buildings	40 – 50 years
❖ Plant and equipment	3 – 25 years
❖ Vehicles	3 – 5 years
❖ Bearer plants	5- 30 years
❖ Hessian wraps	4 years

No depreciation is charged on freehold land and capital work in progress.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised. The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined , based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases. Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Contingent rents are recognised as revenue in the period in which they are earned.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Investment properties

Investment property comprises completed property and property under construction or re-development that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met.
Investment property is measured initially at cost

including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating as intended by management. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the income statement in the year in which they arise.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the income statement in the year of retirement or disposal. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the Group can demonstrate:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale
b) Its intention to complete and its ability to use or sell the asset
c) How the asset will generate future economic benefits
d) The availability of resources to complete the asset
e) The ability to measure reliably the expenditure during development
f) The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually. The Group's intangible assets are amortised over their useful lives as follows:

- Patents 3 years.
- Accounting software 5 years.

k) Fair value measurement

The Group measures financial instruments such as available for sale financial assets and non-financial assets such as investment properties, biological assets and land and buildings, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Property, plant and equipment under revaluation model Note 12
- Investment properties Note 13
- Available for sale financial instruments Note 9
- Biological assets Note 14

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

l) Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs at acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, available-for-sale investments, and financial assets Held-for-trading fair value through profit or loss.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in other operating expenses.

Available for Sale investments
The Available For Sale ("AFS") financial asset is an equity investment. The equity investment classified as AFS has neither been classified as Held-for-trading nor designated as at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised. If the investment is determined to be impaired, the impairment losses are recognised in other comprehensive income to the extent of balances previously recorded in reserves and the excess in recorded in the profit and loss.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets Held-for-trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as Held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

a) The rights to receive cash flows from the asset have expired
b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
   (i) the Group has transferred substantially all the risks and rewards of the asset, or
   (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

iii) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

iv) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

m) Inventories
Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials:
Purchase cost on a first in, first out basis

Finished goods and work in progress:
Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2018

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

n) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually (as at 31 October) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or Group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

o) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

q) Pensions and other post employment benefits
The Group operates defined contribution pension plans, which require contributions to be made to separately administered funds.

Retirement benefits
Retirement benefits are provided for eligible Group employees through various independently administered defined contribution schemes, including the National Social Security Authority.

Defined contribution plans
Contributions to these funds are recognised as an expense in the period to which employees' service relate.

r) Biological assets
The Group's biological assets relate to growing crops which comprise maize, tobacco, soya beans and banana fruits. The Group recognises a biological asset or agricultural produce when, and only when it controls the assets as a result of past events, it is probable that future economic benefits associated with the asset will flow to the entity and the fair value or cost of the asset can be measured reliably.

A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. Agricultural produce harvested from the Group's biological assets are measured at fair value less costs to sell at the point of harvest.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises. A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell shall be included in profit or loss for the period in which it arises.

s) Non-current assets held-for-sale
Non-current assets and disposal Groups classified as held-for-sale are measured at lower of their carrying amount and fair value less costs to sell.

Non-current assets and disposal Groups are classified as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal Group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. In the statement of profit or loss, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after that sale. The resulting profit or loss (after taxes) is reported separately in the statement of profit or loss. Property, plant and equipment and intangible assets once classified as held-for-sale are not depreciated or amortised.

2.4 Changes in accounting policy and disclosure
The accounting policies adopted are consistent with those of the previous year except for the change in classification of hessian wraps as detailed in note 12.1. The Group has adopted the change in IAS 7 'Statement of cash flows: disclosure initiative'. The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in Note 26.3.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements
In the process of applying the Group's accounting policies, management has made the following

judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

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

The macroeconomic developments, fiscal and monetary policy changes disclosed in note 31, led to the reassessment of whether the US$ still met the primary and secondary indicators of the functional currency of the Group, in accordance with the provisions of IAS 21, with effect from 1 October 2018.

The Directors, based on their interpretation of the IFRS had considered the MPS of 20 February 2019, and the subsequent emergence of an interbank exchange rate to be an adjusting event in terms of IAS 10 "Events after the reporting period". However, this could not be effected because at law there was no local currency in Zimbabwe until 22 February 2019. The RTGS was also legally not recognised as a currency prior to the currency changes announced on 22 February 2019 which are detailed on note 31.

The Directors, in compliance with Statutory Instrument 41 of 2019, which prescribed that where IFRS is not aligned to local laws, then local laws take precedence, therefore resolved not to effect the change in functional currency as at and for the year ended 31 October 2018.

Operating lease commitments – Group as lessor
The Group has entered into commercial property leases on its investments properties. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Classification of investment property
Investment properties consist of land and buildings that are let out to clients for purpose of earning rentals. In some circumstances the leasing arrangement involves provision of ancillary services. These come in the form of handling and administration. Where these ancillary services are considered to be significant, the assets are classified as property, plant and equipment. The ancillary services significance is determined based on value of service to the client and significance to the Group in comparison to total revenue derived from the lease arrangement.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment and investment properties
The Group carries its investment properties at fair value, with changes in fair value being recognised in the income statement. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair values of the properties were based on valuations performed by Dawn Property Consultancy (Private) Limited, an accredited independent valuer. Dawn Property Consultancy, a professional valuer determined the fair values of investment properties based on comparable market prices adjusted for specific market factors such as nature, location and condition of the property. For investment properties where there is no comparable market prices, the directors used a valuation methodology based on a capitalisation model.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of the investment properties, land and buildings are further explained in Note 13 and Note 12 respectively.

Impairment of non-financial assets
An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Refer to note 12 for the carrying amount of property, plant and equipment and note 15 for the carrying amount of intangible assets and related impairment disclosures.

Fair valuation of Biological assets
Biological assets comprise of growing crops. At initial recognition, biological assets are valued at fair value. Fair value of the biological assets is determined by reference to the average theoretical life span of crops and the prevailing market prices. The crops are evaluated in terms of their respective life span at the reporting date On that basis, an indicative value is established using the prevailing local and international market prices for the respective products. A discount factor of 9% per annum has been used. This discount factor has been derived from the weighted average cost of capital (WACC) using the Gordon Growth Model. Fair value movements of the biological assets are recognized in profit or loss. The key assumptions used to determine the fair value are explained on Note 16.5.

4. Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of those standards and interpretations issued that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

a. IFRS 9 Financial Instruments.
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments:

Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group plans to adopt the new standard on 1 November 2018 and will not restate comparative information.

The Group performed an impact assessment on the classification and measurement principles of IFRS 9 as well as the assessment of the impact on impairment as noted below.

Classification and measurement
The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortised cost or fair value compared with IAS 39. There is no longer a cost exemption (for equity instruments).

Impairment
The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from

default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, are considered to be in default or otherwise credit impaired, are in 'stage 3'. The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money. As a result, the recognition and measurement of impairment is intended to be more forward-looking than under IAS 39, and the resulting impairment charge may be more volatile.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required by IFRS 9. In general, the directors anticipate that the application of the expected loss model for IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items.

Transitional impact

The requirements of IFRS 9 'Financial Instruments' will be adopted from 1 November 2018. The classification, measurement and impairment requirements are applied retrospectively by adjusting the opening Statement of Financial Position at the date of initial application, with no requirement to restate comparative periods.

In summary the impact of IFRS 9 adoption will be, as follows:

Assets	**$**
Trade and receivables	(502,390)
Total Assets	**(502,390)**
Liabilities	
Deferred tax liabilities	(129,365)
Total Liabilities	**(129,365)**
Impact on Equity, Including Retained earnings	631,755

b. IFRS 15 Revenue from Contracts with Customers

Key requirements

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17 (or IFRS 16 Leases, once applied). Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, plant and equipment and intangible assets.

The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 must be applied using a five-step model: 1. Identify the contract(s) with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price 4. Allocate the transaction price to the performance obligations in the contract 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage. The amendment is effective 1 January 2018.

The Group is still assessing the impact of this standard on the Group financial statements and plans to implement the standard from 1 November 2018

c. IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will also be required to re-measure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17, that is, Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. These changes are likely to have a significant impact on the Group, given the Group's leasing arrangements.

The Group embarked in training for key finance personnel on the requirements and implementation of IFRS16, and is still assessing the impact of the standard

d. IAS 40 Investment Property: Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. These amendments are effective for annual financial statements for periods beginning on or after 1 January 2018.

The Group does not anticipate a material impact on its financial statements

e. IAS 23 – Borrowing Costs – Borrowing costs eligible for capitalisation

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019 whilst earlier application is permitted.

The Group is assessing the potential impact on the amendment.

f. IFRIC 22 – Foreign currency transactions and advance considerations

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

The Group is assessing the potential impact on the amendment.

g. IFRIC Interpretation 23 Uncertainty over Income tax treatment

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which clarifies application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Scope

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

Key requirements

The interpretation specifically addresses the following:

- ❖ Whether an entity considers uncertain tax treatments separately.
- ❖ The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- ❖ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- ❖ How an entity considers changes in facts and circumstances an entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments.

The approach that better predicts the resolution of the uncertainty should be followed.

The directors have made a preliminary assessment of the application of this interpretation and do not envision any material impact on the consolidated financial statements of the Group. The amendment is effective 1 January 2019.

h. Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

The Group is still assessing the impact of the proposed improvement and will implement when applicable.

i. The Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

The Conceptual Framework is accompanied by a Basis for Conclusions. The Board has also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the Conceptual Framework. In most cases, the standard references are updated to refer to the Conceptual Framework. There are exemptions in developing accounting policies for regulatory account balances for two standards, namely, IFRS 3 Business Combinations and for those applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

The Group is still assessing the impact of the proposed amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2018

5 Other operating income /expenses and adjustments

5.1 Other operating income	2018	2017
	$	$
Sundry income	2,173,207	2,458,252
Net gain/(loss) on disposal of property, plant and equipment and investment property	6,581	(111,180)
Dividend received from associate held-for-sale	–	750,000
	2,179,788	**3,097,072**

Sundry income mainly relates to sale of scrap materials, commissions and rental of space.

5.2 Other operating expenses	2018	2017
	$	$
Motor vehicles expenses	1,121,099	818,631
Repairs and maintenance	1,286,577	1,047,170
Sales and marketing	445,246	322,931
Direct overheads	366,622	2,735,903
General expenses	3,125,172	1,643,115
Administration expenses	3,995,327	3,665,161
Total other operating expenses	**10,340,043**	**10,232,911**

5.3 Finance costs	2018	2017
	$	$
Interest on debts and borrowings	1,312,065	1,291,007
	1,312,065	**1,291,007**

5.4 Finance income	2018	2017
	$	$
Interest received on investments with banks during the year	9,783	46,164
	9,783	**46,164**

6 Expenses and adjustments

6.1 Staff costs	2018	2017
	$	$
Wages and salaries	15,361,524	12,099,081
Social security costs (Note 24)	155,625	218,040
Pension costs (Note 24)	370,217	427,761
Total employee benefits expense	**15,887,366**	**12,744,882**

6.2 Depreciation and amortisation (included in the consolidated statement of profit or loss)

	2018	2017
	$	$
Depreciation (Note 12)	3 515 011	2 828 395
Amortisation (Note 15)	12 567	–
Total	**3,527,578**	**2,828,395**

6.3 Fair value adjustments

	2018	2017
	$	$
Fair value (loss)/gain on investment property (Note 13)	(306,153)	556,604
Fair value gain on biological assets (Note 14)	609,555	66,605
Fair value loss on financial assets Held-for-trading (Note 9.2)	(415,008)	–
	(111,606)	**623 209**

6.4 Impairment of held-for-sale Investment

	2018	2017
	$	$
Impairment of held-for-sale investment (Note 10)	(78,856)	–
	(78,856)	**–**

7 Income tax

The major components of income tax expense for the years ended 31 October 2018 and 2017 are:

Consolidated income statement	2018	2017
	$	$
Current income tax:		
Current income tax charge	3,242,458	1,877,617
Withholding tax on interest income	23,309	5,384
Capital gains tax	149,165	–
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,022,010)	(345,869)
Income tax expense (reported in the income statement)	**2,392,922**	**1,537,132**
Consolidated statement of other comprehensive income		
Deferred tax related to items credited directly to other comprehensive income:		
Deferred tax credit on revaluation of properties	245,942	186,788
Deferred tax on bearer plants fair valuation	–	37,701
	245,942	224,489
Deferred tax on profit on mark-to-market of Nampak investment	–	31,404
Deferred tax on recycling of Nampak investment	(30,862)	–
Income tax charged directly to other comprehensive income	**215,080**	**255,892**

A reconciliation between tax expense and the product of accounting profit multiplied by TSL Limited's domestic tax rate for the years ended 31 October 2018 and 2017 is as follows:

	2018	2017
	$	$
Accounting profit before income tax	15,302,765	6,380,382
	15,302,765	**6,380,382**
At TSL's statutory income tax rate of 25.75% (2017: 25.75%)	3,940,462	1,642,949
Withholding tax on interest income	23,309	5,384
Capital gains tax	149,883	–
Different tax rate	(1,972,820)	–
Non deductible administration fees excess	299,341	–
Other non deductible expenses for tax purposes	(47,253)	(111,201)
At the effective income tax rate of 15.64% (2017: 24.09%)	**2,392,922**	**1,537,132**

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position	
	2018	2017
	$	$
Property, plant and equipment	5,722,608	5,782,034
Investment properties	1,651,113	1,714,196
Biological assets	–	54,852
Exchange loss	(6,512)	(8,823)
Prepayments	37,305	57,985
Investments	–	204,254
Provisions	(317,561)	(118,296)
Assessed losses	(207,681)	–
Net deferred tax liabilities	**6,879,272**	**7,686,202**

Deferred tax reconciliation net

	2018	2017
Opening balance	7,686,202	7,776,178
Deferred tax credit income statement	(1,022,010)	(345,869)
Deferred tax charge- statement of comprehensive income	215,080	255,893
Closing balance	**6,879,272**	**7,686,202**

There are no income tax consequences attached to the payment of dividends in either 2018 or 2017 by the Group to its shareholders.

8 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2018	2017
	$	$
Net profit attributable to ordinary equity holders of the parent for basic earnings	**12,282,828**	**4,258,642**
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**12,282,828**	**4,258,642**

	2018	2017
Number of ordinary shares at the beginning of the year	357 102 445	357 102 445
Weighted average number of ordinary shares at the end of the year	**357,102,445**	**357,102,445**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

	2018	2017
	$	$
Headline earnings per share		
Headline earnings per share are calculated by dividing headline earnings by the average weighted number of shares in issue		
Determination of headline earnings		
Basic earnings	12,282,828	4,258,642
Adjusted for :		
(Profit)/loss from disposal of property, plant and equipment and investment property	(6,581)	82,551
Fair value adjustments on investment property	306,153	(528,774)
Profit on disposal of available for sale investment	(7,661,437)	-
Fair value gain on biological assets	(609,555)	(49,454)
Fair value adjustment on financial assets Held-for-trading	493,864	-
Headline earnings	**4,805,272**	**3,762,965**
Earnings per share:		
- Basic, profit for the year attributable to ordinary equity holders of the parent	0.034	0.012
- Diluted, profit for the year attributable to ordinary equity holders of the parent	0.034	0.012
- Headline earnings per share	0.012	0.011
- Diluted headline earnings per share	0.012	0.011

9 Available-for-sale investment

9.1 The Group disposed of its 16.53% stake in Nampak Zimbabwe Limited as at 30 April 2018 for a consideration of $14,667,078.

	2018	2017
	$	$
Opening balance	10,040,368	6,900,000
Disposals	(14,615,654)	-
Profit on disposal	7,661,437	-
Recycling of available for sale investment reserve	(3,086,151)	-
Fair value adjustment	-	3,140,368
Closing balance	**-**	**10,040,368**

Refer to note 16.4 for fair value disclosures.

9.2 Financial assets Held-for-trading

During the period the Group purchased shares in Delta Corporation Limited ($3,000,000) and Econet Wireless ($1,000,000) as a method of preserving value. During the period, the Group also converted its debt in Starafrica Corporation Limited a ZSE quoted company into equity. This balance was previously recorded in other receivables. The fair value of these investments is based on the prevailing Zimbabwe Stock Exchange quoted prices as at 31 October 2018.

	2018	2017
	$	$
Additions during the year	4,000,000	-
Conversions	73,362	-
Fair value adjustment	(415,008)	-
Closing balance	**3,658,354**	**-**

Refer to Note 16.4 for fair value disclosures.

10 held-for-sale investment

10.1 Associate held-for-sale

The Group has a 30% interest in Cut Rag Processors (Private) Limited, which is involved in the manufacture of cut rag. The Group has classified this investment as held-for-sale with effect from 1 November 2014. The Group is currently finalising the disposal of its stake in Cut Rag Processors (Private) Limited and this is expected to be completed before the end of the 2019 financial year.

The fair value of this investment is based on a valuation performed by Corporate Excellence Financial Advisory Services, an independent professional valuator and as at year end.

	2018	2017
	$	$
Opening balance	2,077,000	2,077,000
Impairment recognised	(78,856)	-
Fair value at 31 October	**1,998,144**	**2,077,000**

Refer to note 16.3 for fair value disclosures relating to the investment held-for-sale.

The fair value less costs of disposal was determined using the valuation technique disclosed under note 16.3.

11 Segment information

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

a) The **Logistics cluster** offers end-to-end logistics services which include general and specialised warehousing and storage facilities, inland terminal and port services, handling, transport, vehicle rental, distribution, customs clearing and freight forwarding

b) The **Agriculture cluster** is involved in the auctioning, packaging, production and retailing of agricultural commodities. The trading arm of the business focuses on the importation, formulation, supply and distribution of crop and livestock chemicals, fertilisers and other agricultural inputs and hardware.

c) The **Real estate cluster** is involved in the rental and development of industrial properties to both third parties and Group companies.

d) The **Services cluster** provides strategic direction, coordination of Group activities and shared services in finance and treasury, human resources, procurement and information technology to Group companies.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Executive Management Committee is the Chief Operating Decision Maker. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year ended 31 October 2018	Logistics 2018	Agri-culture 2018	Real Estate 2018	Services 2018	Elimi-nations* 2018	Conso-lidated 2018
Revenue	$	$	$	$	$	$
Revenue from external customers	16,990,815	35,078,710	3,890,784	3,172,286	(7,049,620)	**52,082,975**
Results						
Depreciation, amortisation and impairment	986,313	2,052,252	296,222	192,976	–	**3,527,763**
Fair value adjustments	–	609,557	(306,153)	(493,866)	–	**(190,462)**
Segment profit	1,414,064	7,264,766	1,908,853	6,207,826	–	**16,795,509**
Operating assets	13,989,498	31,934,716	57,502,207	3,159,762	–	**106,586,183**
Operating liabilities	2,045,030	3,937,863	192,473	78,376	–	**6,253,742**
Other disclosures						
Held-for-sale investments	–	–	–	1,998,144	–	**1,998,144**
Held-for-trading investments	–	–	–	3,658,354	–	**3,658,354**
Capital expenditure	(2,185,054)	(2,319,246)	(1,244,246)	(454,733)	–	**(6,203,278)**

Year ended 31 October 2017	Logistics 2017	Agri-culture 2017	Real Estate 2017	Services 2017	Elimi-nations* 2017	Conso-lidated 2017
Revenue	$	$	$	$	$	$
Revenue from external customers	14,579,113	29,106,142	3,818,065	3,051,773	(6,780,026)	**43,775,067**
Results						
Depreciation, amortisation and impairment	825,508	748,912	294,576	123,237	–	**1,992,233**
Fair value adjustments	–	66,605	556,604	–	–	**623,209**
Segment profit	792,137	4,431,119	1,604,072	174,688	–	**7,002,016**
Operating assets	10,825,564	25,632,393	56,077,841	1,743,218	–	**94,279,016**
Operating liabilities	1,121,767	1,794,323	381,696	632,577	–	**3,930,363**
Other disclosures						
Held-for-sale investments	–	–	–	2,077,000	–	**2,077,000**
Available-for-sale investments	–	–	–	10,040,368	–	**10,040,368**
Capital expenditure	(1,523,640)	(1,186,821)	(1,333,818)	(64,900)	–	**(4,109,179)**

*The Group owns properties for storage and warehouse purposes that are leased to other Group companies and the head office offers management services to Group companies at terms and conditions similar to third parties. In prior years this was included in Group revenue, cost of sales and other operating expenses.

Adjustments and eliminations

Finance income and expenses are not allocated to individual segments as the underlying instruments are managed on a Group basis. Capital expenditure consists of additions of property, plant and equipment, including assets from the acquisition of subsidiaries. Inter-segment revenues, if any, are eliminated on consolidation.

Inter-segment revenues, if any are eliminated upon consolidation. All other adjustments and eliminations are part of detailed reconciliations presented further below.

	2018	2017
Reconciliation of profit	**$**	**$**
Segment profit	16,795,509	7,002,016
Fair value adjustments and impairments	(190,462)	623,209
Finance income	9,783	46,164
Finance costs	(1,312,065)	(1,291,007)
Taxation	(2,392,922)	(1,537,132)
Group profit	**12,909,843**	**4,843,250**

Reconciliation of assets

	2018	2017
	$	**$**
Segment operating assets	106,586,183	94,279,016
Available-for-sale investments	–	10,040,368
Held-for-trading investments	3,658,354	–
held-for-sale investment	1,998,144	2,077,000
Intangible assets (Note 15)	991,284	817,074
Group operating assets	**113,233,965**	**107,213,458**

Reconciliation of liabilities

	2018	2017
	$	**$**
Segment operating liabilities	6,253,742	3,930,363
Deferred tax liabilities	6,879,272	7,686,202
Current tax payable	1,672,818	1,067,551
Interest bearing loans and borrowings	11,667,044	11,868,385
Group operating liabilities	**26,472,876**	**24,552,501**

Geographical information

The Group operates principally in Zimbabwe. There are no operations which occur outside Zimbabwe.

All the revenue information is based on the location of the customers. The Group does not generate revenue from a single customer that exceeds 10% of its total revenue.

12 Property, plant and equipment

Cost / valuation	Freehold land and buildings $	Plant & equip-ment $	Motor Vehicles $	Capital Work in Progress $	Bearer Plants $	Hessian Wraps $	Total $
As at 01 November 2017	**21,876,758**	**12,275,756**	**4,773,329**	**2,004,324**	**657,267**	**5,459,361**	**47,046,795**
Additions	28,330	1,608,326	1,880,739	1,341,051	–	1,322,020	6,180,466
Revaluation	955,114	–	–	–	–	–	955,114
Transfer to investment properties	–	–	–	(2,405,629)	–	–	(2,405,629)
Transfers*	(371,820)	–	–	–	–	–	(371,820)
Disposals	–	(199,335)	(939,040)	(10,170)	–	–	(1,148,545)
As at 31 October 2018	**22,488,382**	**13,684,747**	**5,715,028**	**929,576**	**657,267**	**6,781,381**	**50,256,381**
Accumulated depreciation							
As at 01 November 2017	**–**	**4,446,197**	**2,997,937**	**–**	**–**	**836,162**	**8,280,296**
Depreciation	371,820	1,225,146	661,252	–	131,453	1,125,340	3,515,011
Disposals	–	(75,163)	(804,571)	–	–	–	(879,734)
Transfers*	(371,820)	–	–	–	–	–	(371,820)
As at 31 October 2018	**–**	**5,596,180**	**2,854,618**	**–**	**131,453**	**1,961,502**	**10,543,753**
Net book value							
As at 31 October 2018	**22,488,382**	**8,088,567**	**2,860,410**	**929,576**	**525,814**	**4,819,879**	**39,712,628**
Cost / valuation							
As at 01 November 2016	**22,982,970**	**11,196,904**	**4,475,774**	**728,518**	**510,855**	**3,612,428**	**43,507,449**
Additions	50,034	1,388,941	860,698	1,676,385	–	1,846,933	5,822,991
Revaluation	725,389	–	–	–	146,412	–	871,801
Transfer to investment properties	–	–	–	(400,579)	–	–	(400,579)
Transfers*	(1,881,635)	–	–	–	–	–	(1,881,635)
Disposals	–	(310,089)	(563,143)	–	–	–	(873,232)
As at 31 October 2017	**21,876,758**	**12,275,756**	**4,773,329**	**2,004,324**	**657,267**	**5,459,361**	**47,046,795**
Accumulated depreciation							
As at 01 November 2016	**1,520,927**	**3,377,574**	**2,953,763**	**–**	**–**	**–**	**7,852,264**
Depreciation	360,708	1,141,701	489,824	–	–	836,162	2,828,395
Disposals	–	(73,078)	(445,650)	–	–	–	(518,728)
Transfers*	(1,881,635)	–	–	–	–	–	(1,881,635)
As at 31 October 2017	**–**	**4,446,197**	**2,997,937**	**–**	**–**	**836,162**	**8,280,296**
Net book value							
As at 31 October 2017 (Restated)	**21,876,758**	**7,829,559**	**1,775,392**	**2,004,324**	**657,267**	**4,623,199**	**38,766,499**

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

12.1 Prior period restatement
Propak Hessian (Private) Limited leases out hessian wraps to the tobacco industry. These wraps have historically been accounted for as inventories. The wraps have a useful life of 4 years and are generally not sold, and are therefore more appropriately classified as property, plant and equipments in accordance with International Accounting Standard 16.

The effect of this balance sheet reclassification on the Group's financial results for the year ended 31 October 2017 was as follows:

	As previously reported	Prior period error	As restated
	$	$	$
Inventories	9,111,164	(4,623,199)	4,487,965
Total current assets	25,956,856	(4,623,199)	21,333,657
Property, Plant and Equipment	34,143,300	4,623,199	38,766,499
Total non-current assets	81,256,602	4,623,199	85,879,801

12.2 Bearer plants
Bearer plants comprise of 43 hectares of banana plantations, 18 hectares have an estimated life of 5 years and 25 hectares were planted during the current year with an estimated life of 30 years. The bearer plants are included in property, plant and equipment in compliance with IAS 41 and IAS 16 requirements. The banana plantation met the definition of a bearer plant. Management opted for the revaluation model to value the banana plantation. The asset is then amortised over the useful life of the plantation.

In current year there were no revaluation adjustments on the bearer plants as cost approximated fair value

12.3 Capital work in progress
Included in property, plant and equipment at 31 October 2018 was an amount of $690,761 (2017: $1,920,613) relating to expenditure for property and plant in the course of construction. An amount of $238,860 (2017: $83,711) of immature banana plantations in also included under capital work in progress.

12.4 Capitalised borrowing costs
No borrowing costs were capitalised during the year ended 31 October 2018.

Revaluation of property, plant and equipment
The revalued land and buildings consist of properties in Zimbabwe. The Group's land and buildings consists of industrial and commercial properties in Zimbabwe. Fair value of the land and buildings was determined by using the Income Capitalisation method. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return) significantly adjusted for difference in the nature, location or condition of the specific property.

Bearer plants have not been revalued during the year as their cost approximates fair value.

As at 31 October 2018 and 31 October 2017, the fair values of the properties were based on valuations performed by Dawn Property Consultancy (Private) Limited, an accredited independent valuer. Dawn Property Consultancy (Private) Limited is a specialist in valuing these types of land and buildings. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied. Further IFRS 13 requirements have been disclosed on note 16.

12.5 Carrying values of property, plant and equipment that would have been recognised under the cost model:

	Freehold land and buildings	Bearer plants	Total
	$	$	$
At 31 October 2018	9,929,380	525,814	10,455,194
At 31 October 2017	9,901,049	594,566	10,495,615

13 Investment properties

	Freehold investment properties
Fair value	**$**
At 01 November 2017	**36,255,860**
Additions (subsequent expenditure)	22,812
Transfer from property, plant and equipment	2,405,631
Net loss from fair value adjustment	(306,153)
At 31 October 2018	**38,378,150**
At 01 November 2016	**35,165,556**
Additions (subsequent expenditure)	133,121
Transfer from property, plant and equipment	400,579
Net gain from fair value adjustment	556,604
At 31 October 2017	**36,255,860**

As at 31 October 2018, $32,500,000 (2017:$30,600,000) of investment property was pledged as security for Group loan facilities. Refer to Note 21 for details of loan facilities.

Fair value of the investment properties was determined by using the Income Capitalisation method and market comparable method.

❖ Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (discounted by the investor's rate of return) significantly adjusted for difference in the nature, location or condition of the specific property.
❖ Under the market comparable method, valuations are based on property market prices, significantly adjusted for differences in the nature, location or condition of the specific property.

As at 31 October 2018 and 31 October 2017, the fair values of the properties were based on valuations performed by Dawn Property Consultancy (Private) Limited, an accredited independent valuer. Dawn Property Consultancy (Private) Limited is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The current use of the investment properties has been evaluated as the highest and best use for the investment properties.

	2018	2017
	$	$
Rental income derived from investment properties	2,083,107	2,212,602
Operating expenses (including repair and maintenance) on property generating rental income	(1,458,124)	(1,557,618)
Net profit arising from investment properties carried at fair value	**624,983**	**654,984**

The Group has no restrictions on the realisability of its investment property except for those pledged as security .There are no contractual obligations to either purchase, construct or develop investment property or for repairs, maintenance and enhancements.

Fair value disclosures for investment properties have been provided in Note 16.1.

14 Biological assets

	2018	2017
	$	$
Opening balance	499,429	781,401
Additions	2,959,980	2,140,353
Disposals	(2,390,258)	(2,488,930)
Fair value adjustment	609,555	66,605
Closing balance	**1,678,706**	**499,429**
Current (due for sale/disposal within 12 months)	1,678,706	499,429

The Group's biological assets comprise of tobacco 141 hectares (2017: 141 hectares), maize 250 hectares (2017: 384 hectares) and bananas 43 hectares (2017: 28 hectares). At initial recognition, biological assets were valued at fair value. The tobacco and maize have a short life cycle of less than one year. Fair value of the biological assets is determined by reference to the average theoretical life span of crops and the prevailing market prices. Fair value adjustments recognised in biological assets of $609,557 have been recorded through profit or loss. Changes in commodity prices risk is managed by regularly reviewing the local and foreign market to determine crops to grow and enter into off taker arrangements. None of the biological assets have been pledged as security.

15 Intangible assets

	Goodwill	Computer Software	Total
Cost	$	$	$
November 2017	**817,074**	**–**	**817,074**
Acquisition of computer software	–	186,777	186,777
As at 31 October 2018	**817,074**	**186,777**	**1,003,851**
As at 01 November 2016	**817,074**	**–**	**817,074**
As at 31 October 2017	**817,074**	**–**	**817,074**
Amortisation and Impairment			
As at 01 November 2017	**–**	**–**	**–**
Amortisation (Note 6.2)	–	(12,567)	–
As at 31 October 2018	**–**	**(12,567)**	**–**
As at 01 November 2016	**–**	**–**	**–**
As at 31 October 2017	**–**	**–**	**–**
Net book value			
As at 31 October 2018	**817,074**	**174,210**	**991,284**
As at 31 October 2017	**817,074**	**–**	**817,074**

The goodwill relates to the acquisition of Guftainer (Private) Limited by Bak Logistics (Private) Limited, a subsidiary of TSL Limited during 2014 financial year, the acquisition of Key Logistics by Bak logistics during 2015 and the acquisition of Chimayo Investments (Private) Limited in 2015. During the year the Group acquired new accounting and reporting software packages in the form of Navision 2017 and Caseware. The software has an estimated useful life of 5 years and is amortised at a rate of 20% per annum.

15.1 Impairment testing of goodwill and intangible assets with indefinite lives

The goodwill has been allocated to the Logistics cash generating unit (CGU). The Group performed its annual impairment test in October 2018 and 2017. The recoverable amount of the Logistics CGU as at 31 October 2018, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. It was concluded that the value in use exceeds the carrying amounts of the Logistics CGU.

15.2 Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the gross margins, discount rates and growth rates.

Gross margins

The gross margins used in the calculation is based on the forecasts of the CGU for the next 5 years (2017: 5 years). The gross margins lie between 20%-29% (2017: 4%-10%).

Discount rates

The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of debt of 9% per annum (2017: 9% per annum). The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

Growth rate estimates

The growth rate is based on the CGU's financial forecast of 5% (2017: 5%) per annum for Logistics. A reasonable possible change in the above key assumptions would not result in impairment of the

Logistics goodwill.

16 Fair values

The carrying value of financial assets and liabilities in the consolidated statement of financial position approximate their fair value.

16.1 Investment properties fair value disclosures
The following table shows an analysis of the fair values of investment property recognised in the statement of financial position by level of the fair value hierarchy;

Fair value hierarchy:		(Level 1)	(Level 2)	(Level 3)	Total gain/(loss) recorded in the income statement
		$	$	$	$
Land	31 October 2018	–	3,109,570	–	–
Buildings		–	–	35,268,580	(306,153)
Land	31 October 2017	–	3,109,570	–	–
Buildings		–	–	33,146,290	556,604

Gains and (losses) recorded in profit or loss for recurring fair value measurements categorised within level 2 and level 3 of the fair value hierarchy amount to ($306,153) (2017: $556,604) and are presented in the consolidated income statement in line items 'Fair value adjustments on investment properties'

Valuation techniques used to determine fair values
The table below presents the following for each class of the investment property

- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (in this case Level 2 and 3) within which the fair value measurements are categorised in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement, including the ranges of rent charged to different units within the same buildings and;
- Level 2 and level 3 fair value measurement, quantitative information about the significant unobservable inputs used in the fair value measurement

Class of property	Fair value at 31 October 2018	Fair value at 31 October 2017	Valuation technique	Key unobservable inputs	Range Weighted
Industrial buildings	35,574,733	33,146,290	Income capitalisation	Rental per square meter	$1-$3(2017: $1-$3)
				Occupancy rate	66.7%-100% (2017: 72%-100%)
				Capitalisation rate	10.75%-11.5% (2017: 11%-12.5%)
Land	3,109,570	3,109,570	Market Comparable	Comparable properties transacted prices per square meter	-

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in the occupancy rate and rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's portfolios of investment property will result in an increase or decrease in fair value of investment property. An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

16.2 Property, plant and equipment fair value disclosures

Fair value hierarchy:		Level 1 $	Level 2 $	Level 3 $
Land	31 October 2018	–	1,118,684	
Buildings	31 October 2018			16,555,330
Land	31 October 2017	–	1,118,684	
Buildings	31 October 2017			20,758,073

There have been no transfers between levels during the period.

Description of valuation techniques used and key inputs to valuation on property plant and equipment:

Class of property	Fair value at 31 October 2018	Fair value at 31 October 2017	Valuation technique	Key inputs	Range Weighted
Commercial buildings	-	-	Income capitalisation	Rental per square meter	\$4-\$8 (2017:\$4-\$8)
				Capitalisation rate	2.6%-8% (2017:2.6%-8%)
Industrial buildings	16,555,330	20,758,073	Income capitalisation	Rental per square meter	\$1-\$3 (2017:\$1-\$3)
				Capitalisation rate	10.75%-11.50% (2017:11%-13%)
Land	1,118,684	1,118,684	Income capitalisation	Comparable properties transacted prices per square meter	-

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in all the rental per square meter used in the fair value measurement categorised within Level 3 of the fair value hierarchy of the Group's land and buildings will result in an increase or decrease in fair value of land and buildings An increase in the capitalisation rate will result in a decrease in fair value whilst a decrease in the capitalisation rate will result in an increase in fair value.

16.3 Investment held-for-sale fair value disclosures

Fair value hierarchy:		Level 1	Level 2	Level 3	Total profit recorded in the income statement
		$	$	$	$
Investment held-for-sale	31 October 2018	–	–	1,998,144	–
Investment held-for-sale	31 October 2017	–	–	2,077,000	–

There have been no transfers between levels during the period.

Losses recorded in profit or loss for fair value measurements categorised within level 3 of the fair value hierarchy amount to \$78,856 (2017: \$Nil) and are presented in the consolidated income statement in the line items 'Fair value adjustments and impairments'. The investment was assessed for impairment based on a valuation performed by Corporate Excellence Financial Advisory Services as at 31 October 2018.

Description of valuation techniques used and key inputs to valuation of investment held-for-sale:

Class of financial asset	Fair value at 31 October 2018	Fair value at 31 October 2017	Valuation technique	Key unobservable inputs	Range Weighted
Investment held-for-sale	1,998,144	2,077,000	Liquidation/ break-up approach	Net asset value per share	$1,357 (2017:$1,411)
				Liquidation discount rate	0%-40% (2017:0%-40%)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in the net asset value per share used will result in an increase or decrease in fair value of held-for-sale investment. An increase or decrease in liquidation discount rate used will result in a decrease or increase in fair value of the held-for-sale investment.

16.4 Available-for-sale and held-for-trading investments fair value disclosures

Fair value hierarchy:		Level 1	Level 2	Level 3	Total profit/(loss) recorded compre-hensive income
		$	$	$	$
Held-for-trading investment	31 October 2018	3,658,356	–	–	(415,008)
Available-for-sale investment	31 October 2017	–	–	10,040,368	3,140,368

There have been no transfers between levels during the period.

The Group disposed of its stake in Nampak in the period, and acquired new stocks in the form of Delta, Econet and Star Africa shares.The fair value of the quoted equities was based on the market value as at 31 October 2018 as quoted by the Zimbabwe stock exchange.

Description of valuation techniques used and key inputs to valuation of Available-for-sale investment:

Class of financial asset	Fair value at 31 October 2018	Fair value at 31 October 2017	Valuation technique	Key unobservable inputs	Range Weighted
Available-for-sale investment	–	10,040,370	Weighted valuation based on Earnings multiples and Net asset value	Minority discount	NIL (2017: 10%-15%)
				Market illiquidity	NIL (2017: 10%-15%)
				Enterprise value to earnings before interest, tax, depreciation and amortisation multiple (EV/EBITDA multiple).	NIL (2017: 5–8 times) .
				Price earnings multiple	NIL (2017: 4–15 times)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
An increase or decrease in price earnings multiple used will result in an increase or decrease in fair value of Available-for-sale investment. An increase or decrease in minority discount used will result in a decrease or increase in fair value of the Available-for-sale investment.

16.5 Biological assets and bearer plants fair value hierarchy

		Level 1	Level 2	Level 3	Fair value gain
		$	$	$	$
Crops	31 October 2018	–	–	1,678,706	609,557
Banana plantation	31 October 2018	–	–	525,814	–
Crops	31 October 2017	–	–	499,428	66,605
Banana plantation	31 October 2017	–	–	657,267	146,412

Description of valuation techniques used and key inputs to valuation of Biological assets:

Type	Fair value at 31 October 2018	Fair value at 31 October 2017	Valuation technique	Key unobservable inputs	Range Weighted
Crops- Comprising of wheat, tobacco, maize and banana fruit	1,678,706	499,428	Discounted cash flow technique	Price per tonne- tobacco	\$2,500-\$3,600 (2017: \$2,500-\$3,500)
				Price per tonne – bananas	\$400-\$500 (2017: \$350-\$450)
				Price per tonne – maize	\$300-\$400(2017: \$300-\$400)
				Price per tonne – wheat	\$485-\$500(2017 : \$485- \$500)
				Discounting factor	9% (2017:9%)
				Expected yield	90%-100% (2017: 90%-100%)
Banana plantations	525,814	657,267	Discounted cash flow technique	Forecast life span	5 years (2017:5 years)
				Discounting factor	9% (2017:9%)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 of the hierarchy
Significant increase/(decreases) in price per tonne in isolation would result in a significantly higher or lower fair value measurement. Significant increase/(decreases) in expected yield in isolation would result in a significantly higher or lower fair value measurement. Significant increase/(decreases) in forecast lifespan in isolation would result in a significantly higher or lower fair value measurement.

17 Inventories

	2018	2017
	\$	\$
Merchandise	6,162,061	2,161,435
Raw materials (at cost)	2,678,235	435,608
Work in progress (at cost)	18,147	53,757
Consumables	414,501	1,747,961
Finished goods (at cost or net realisable value)	–	89,204
Total inventories at the lower of cost and net realisable value	**9,272,944**	**4,487,965**

During 2018, \$96,644 (2017: \$141,730), was recognised as an allowance/expense for obsolete inventories carried at net realisable value. This is recognised in cost of sales. Inventory with cost of \$7,458,326 (2017: \$5,548,163) was sold during the year. Hessian wraps with a value of \$4,819,879 (2017:\$4,623,199) were transferred into property, plant and equipment retrospectively (Refer to Note 12).

18 Trade and other receivables

	2018	2017
	$	$
Trade receivables	4,903,324	6,039,424
Other receivables	6,385,702	2,949,959
Amounts due from former associate company	215,472	228,931
	11,504,498	**9,218,314**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Other receivables are non-interest bearing and are generally on terms of 30 to 90 days term. Included in other receivables are prepayments, staff debtors and refunds due for Value Added Tax. The receivable from TSL Classic, a former associate of the Group is at an interest rate of 6% per annum and Nil (2017: $80,000) was impaired during the year. The Group had $2,616,841 (2017:2,741,275) in prepayments for stocks as at year end. These prepayments are in Agricura and Propak Hessian. As at 31 October 2018, trade receivables of an initial value of $374,598 (2017: $233,956) were impaired. See below for the movements in the provision for impairment of trade receivables.

	Impaired
	$
At 1 November 2016	**938,934**
Utilised during the year	(175,337)
Charge for the year	233,956
At 31 October 2017	**997,553**
Charge for the year	374,598
At 31 October 2018	**1,372,151**

As at 31 October, the ageing analysis of trade receivables is as follows:

			Past due but not impaired			
	Total	Neither past due nor impaired	30-60 days	61-90 days	91-120 days	> 120 days
	$	$	$	$	$	$
2018	**4,903,324**	2,831,686	686,306	521,249	603,942	260,141
2017	**6,039,424**	3,078,438	772,136	248,692	159,631	1,780,526

See Note 29 on credit risk of trade receivables ,which discusses how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired. The allowance for credit losses, which includes the allowance for trade and other receivables losses represents management's estimate of probable losses inherent in the Group's trading activities. The allowance for credit losses for trade and other receivables represents the estimated probable credit losses. Cash recovered on previously written down amounts are recorded as income in these accounts.

The Group performs periodic and systematic detailed reviews of its credit portfolio to identify credit risks and to assess the overall collectability of those positions. The allowances on certain homogeneous trade receivables which are generally identified with reference to nature of product or business model, is based on aggregated trade receivables balance. Loss forecast models are utilised in determining the credit losses, and these include, but not limited to, historical loss experience, estimated defaults or foreclosures based on trade receivables trend, delinquencies, economic conditions and credit scores.

These models are reviewed regularly to ensure the decisions are based on more recent information that is reflective of current environment.

19 Cash and short-term deposits

	2018	2017
	$	$
Cash at banks and on hand	3,422,416	2,309,674

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 October 2018, the Group had undrawn available loan facilities of $11,7 million (2017: $8,7 million). The Group has pledged some of its properties in order to fulfil collateral requirements (Note 29).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 October:

	2018	2017
	$	$
Cash at banks and on hand	3,422,416	2,309,674
Bank overdraft	(281,425)	(216,069)
Cash and cash equivalents	**3,140,991**	**2,093,605**

In 2016 the Reserve Bank of Zimbabwe, through Exchange Control Operational Guide 8 (ECOGAD8), introduced prioritisation criteria which are to be followed when making foreign payments. Any foreign payments which are made from bank balances above are ranked based on the Reserve Bank of Zimbabwe prioritisation criteria and paid subject to the banking institution having adequate funds with its Foreign Correspondent Banks. The timing of funds flows is therefore dependent on the approvals the company receives.

The RBZ through the October 2018 monetary policy statement mandated banks to create separate FCA RTGS account for local currency deposits and a separate FCA Nostro on behalf of the Group. The Group has not translated the balances in FCA RTGS accounts to US dollars owing to the absence of an observable market exchange rate. The entity cannot exchange its FCA RTGS balances to access US$ through its bank at 1:1.The Group had US$196,814 in the USD Nostro as at year end. Refer to note 31 for subsequent events impact.

20 Issued capital and reserves

Issued capital and reserves	2018	2017
Authorised shares	**Number**	**Number**
Ordinary shares of $0.01 each	600,000,000	600,000,000
Ordinary shares issued and fully paid	**Number**	**Number**
01 November	**357,102,445**	**357,102,445**
Issued during the year	–	–
At 31 October	**357,102,445**	**357,102,445**
Issued Share Capital	**$**	**$**
At 1 November	3,571,023	3,571,023
At 31 October	**3,571,023**	**3,571,023**
Share premium		
At 1 November	2,898,801	2,898,801
At 31 October	**2,898,801**	**2,898,801**
Unissued shares	**Number**	**Number**
At 01 November	**242,897,555**	**242,897,555**
Movement during the year	–	–
At 31 October	**242,897,555**	**242,897,555**

The unissued shares, are under the control of the directors for an indefinite period of time and are subject to the limitation of the Companies Act [Chapter 24:03]and the Zimbabwe Stock Exchange. The Group had 4 629 328 (2017: 4 629 328) treasury shares which are included in the issued share capital.

20.1 Non-distributable reserves

Nature and purpose of reserves

Asset revaluation reserve
The asset revaluation reserve is used to record increases in the fair value of land, buildings and bearer plants and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

Functional currency translation reserve
This arose as a result of change in functional currency from the Zimbabwe dollar to the United states dollar. It represents the residual equity in existence as at the date of the change over and has been designated as a non distributable reserve.

Available for sale reserve
The asset revaluation reserve is used to record fluctuations in the fair value of assets available for sale and bearer plants.

Below is the movement in non-distributable reserves:

	Available for sale reserve	Asset revaluation reserve	Functional currency translation reserve	Total
	$	$	$	$
As at 01 November 2016	**(53,678)**	**43,195,775**	**73,868**	**43,215,965**
Other comprehensive income	3,108,966	619,073	-	3,728,039
As at 31 October 2017	**3,055,288**	**43,814,848**	**73,868**	**46,944,004**
Other comprehensive income	(3,055,288)	623,168	-	(2,432,120)
As at 31 October 2018	**-**	**44,438,016**	**73,868**	**44,511,884**

21 Interest-bearing loans and borrowings

	Interest rate	Maturity	2018	2017
			$	$
Current				
Local interest bearing loans and borrowings	7%-10% (2017 :7%-10%)	2019	9,623,039	8,558,571
Non-current				
Local interest bearing loans and borrowings	7%-10% (2017 :7%-10%)	2020-2023	1,762,580	3,093,745
Total loans and borrowings			**11,385,619**	**11,652,316**

Secured loans

There is a negative pledge of assets in respect of overdrafts and bank borrowings. The Group has pledged part of its freehold property with a carrying amount of $32,5 million (2017:$30,6 million) in order to fulfil the collateral requirements for the borrowings in place. The counter parties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

22 Trade and other payables

	2018	2017
	$	$
Trade payables	1,153,124	2,317,540
Other payables	4,442,336	1,161,725
	5,595,460	**3,479,265**

Terms and conditions of the above financial liabilities:

a) Trade payables are non-interest bearing and are normally settled on 60 to 90 day terms

b) Other payables are non-interest bearing and have an average term of six months. Other payables mainly consist of deposits from customers and accruals of statutory payments.

22.1 Provisions

	Shrinkage	Provision for Leave Pay	Gratuity	Royalties	Sundry Provisions	Total
At 01 November 2017	**43,591**	**104,453**	**167,140**	**105,821**	**30,093**	**451,098**
Utilised	–	(102,229)	(5,930)	(12,408)	(22,134)	(142,701)
Arising during the year	998	192,536	24,711	129,680	1,960	349,885
At 31 October 2018	**44,589**	**194,760**	**185,921**	**223,093**	**9,919**	**658,282**

	Shrinkage	Provision for Leave Pay	Gratuity	Royalties	Sundry Provisions	Total
At 01 November 2016	**43,591**	**94,271**	**90,415**	**12,406**	**27,385**	**268,068**
Utilised	–	(107,286)	(14,318)	–	(51,110)	(172,714)
Arising during the year	–	117,468	91,043	93,415	53,818	355,744
At 31 October 2017	**43,591**	**104,453**	**167,140**	**105,821**	**30,093**	**451,098**

Shrinkage
Shrinkage provision for customer goods in our warehouses is provided on the basis of potential pilferage and loss due to unforeseen events.The provision is based on the estimated loss based on the value of the goods so kept. The timings of the cash out-flows are by their nature uncertain.

Provision for leave pay
Leave pay for employees is provided on the basis of leave days accumulated at an expected rate of payment. The timings of the cash out-flows are by their nature uncertain.

Gratuity gift
Gratuity gift for employees is provided on the basis of estimated amounts to purchase gifts for retiring and performing employees. The timings of the cash out-flows are by their nature uncertain.

Royalties
Royalties are provided on the basis of revenue generated by Avis Rent a Car franchise to the international firm.

Sundry provisions
Sundry provisions mainly relate to provisions for commissions and insurance which are mainly short term.The timing of the cash out-flows are by their nature uncertain.

23 Cash dividends on ordinary shares declared and paid:

	2018	2017
Declared and paid during the year:	$	$
Dividends on ordinary shares:		
Final dividend for 2017: 0.45 cents per share (2016: 0.30 cents)	1,669,960	1,071,306
Special dividend (1.34 cents per share)	4,793,634	–
	6,463,594	**1,071,306**

Proposed for approval at the Annual General Meeting on 19 June 2019 (not recognised as a liability as at 31 October):

Proposed dividends on ordinary shares:

Final cash dividend for 2018:	2018	2017
	$	$
$0.70 cents per share (2017: 0.45 cents per share)	6,463,594	1,606,961

Proposed dividend on ordinary shares are subject to approval at the Annual General Meeting on 19 June 2019 and are not recognised as a liability as at 31 October.

24 Pensions

All eligible employees are members of the following Group schemes:

Defined Contribution Plans	2018	2017
	$	$
National social security contributions	155,625	238,796
Pension contributions	370,217	427,761
Group life assurance cover	–	68,012
Total	**525,842**	**734,569**

National Social Security Authority Scheme
This is a defined contribution scheme established under the National Social Security Authority Act (1989). Contributions by employers are 3% per month of pensionable monthly emoluments up to a maximum of $700.

The TSL Scheme and The Chemco Scheme
All eligible employees are members of these schemes.

25 Share-based payment plans

The Group does not currently have any active share based payment plans.

26 Cash flow information

26.1 Adjustments to reconcile profit before tax to net cash flows:

	2018	2017
	$	$
Depreciation, amortisation and impairment of property, plant and equipment, investments and goodwill (Note 6.2)	3,527,578	1,992,233
Movement in provisions (Note 22.1)	207,184	355,744
Provisions for bad debts (Note 18)	374,598	233,956
Provision for obsolete and slow moving inventory (Note 17)	(96,644)	141,730
Fair value adjustments and impairments (Note 6.3, 6.4)	190,462	(623,209)
Gain on disposal of Available for sale investment (Note 5.1)	(7,661,437)	–
(Gain)/loss on disposal of property, plant and equipment (Note 5.1)	(6,581)	111,180
Finance income (Note 5.4)	(9,783)	(46,163)
Finance costs (Note 5.3)	1,312,065	1,291,009
Other non cash items	(350,415)	385,594
Total non-cash adjustments	**(2,512,973)**	**3,842,074**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2018

26.2 Finance costs	2018	2017
	$	$
Interest on debts and borrowings	1,312,065	1,291,007
Total finance costs	**1,312,065**	**1,291,007**

26.3 Movement in loans and borrowings		
Opening balance	**11,652,316**	**11,541,472**
New loan amount received	7,400,000	9,000,000
Loan amount repaid during the year	(7,666,697)	(8,889,156)
Net movement	**(266,697)**	**110,844**
	11,385,619	**11,652,316**

26.4 Capital expenditure	2018	2017
	$	$
Property, plant and equipment (Note 12)		
Expanding operations	4,048,074	3,189,866
Maintaining operations	2,132,393	786,192
	6,180,467	3,976,058
Investment property (Note 13)	22,812	133,121
Net capital expenditure to maintain operating capacity	**6,203,279**	**4,109,179**

27 Related party disclosures

The consolidated financial statements include the subsidiaries and investments as listed in the following table:

Name	Nature of relationship	Country of incorporation	% equity interest 2018	% equity interest 2017
Agricura (Private) Limited*	Subsidiary	Zimbabwe	67.5%	67.5%
Bak Storage (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Car Rental Services (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Chemco Holdings Limited	Subsidiary	Zimbabwe	100%	100%
Cut Rag Processors (Private) Limited	Associate held-for-sale	Zimbabwe	30%	30%
Chimayo Investments (Private) Limited	Subsidiary	Zimbabwe	100%	100%
H.G.P .Vorstermans (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Bak Logistics (Private) Limited	Subsidiary	Zimbabwe	99.9%	99.9%
Propak (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Propak Hessian (Private) Limited	Subsidiary	Zimbabwe	100%	100%
TSL Trading (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Ridwyn (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Tobacco Sales Administration services (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Tobacco Sales Floor Limited	Subsidiary	Zimbabwe	100%	100%
Tobacco Warehouse and Export Company (1946) Limited	Subsidiary	Zimbabwe	99.9%	99.9%
Tobacco Producers Floor (Private) Limited	Subsidiary	Zimbabwe	100%	100%
Southerton Properties (Private) Limited	Subsidiary	Zimbabwe	100%	100%
TSL (Mauritius) Limited	Subsidiary	Mauritius	100%	100%
TSL Properties Limited	Subsidiary	Zimbabwe	100%	100%

* Agricura (Private) Limited is a subsidiary of Chemco Holdings Limited. TSL Limited has an effective shareholding of 67.5% (2017: 67.5%).

The ultimate parent
The Company is the ultimate parent based and listed in Zimbabwe.

Investments
Cut Rag Processors (Private) Limited
The Group has a 30% interest in Cut Rag Processors (Private) Limited (2017: 30%). The Group did not receive a dividend this year from Cut Rag (2017:300,000). $450,000 dividend was accrued in prior year. During the year, Cut Rag Processors (Private) Limited facilitated purchase of stocks amounting to $78,089 and $286,611 for Propak Hessian (Private) Limited and Agricura (Private) Limited respectively.

Nampak Zimbabwe Limited
TSL Limited disposed its 16.53% investment in Nampak Zimbabwe Limited during the year.

Compensation of key management personnel of the Group

	2018	2017
	$	$
Short-term employee benefits	1,044,390	865,548

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Generally the non-executive directors do not receive pension entitlements from the Group. Key management include executive directors and divisional management as outlined on page 6 of the annual report.

28 Commitments and contingencies

Finance Lease commitments
The Group does not have finance lease commitments

Operating lease commitments-Group as lessor
The Group has entered into leases on its property portfolio . The commercial property leases typically have lease terms of between one and five years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 31 October are as follows:

	2018	2017
	$	$
Within one year	3,954,819	3,870,135
After one year but not more than five years	4,785,331	4,334,551
More than five years	6,369,276	4,890,701
	15,109,426	**13,095,387**

Capital commitments
At 31 October 2018, the Group had authorised but not contracted for capital commitments of $21,800,000 (2017: $6,450,000) relating to acquisition and construction of buildings and equipment.

29 Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans, trade and other receivables, and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance and Risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Finance and Risk committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits with banks.

The sensitivity analysis in the following sections relate to the position as at 31 October in 2018 and 2017.The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analysis , the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as 31 October 2018 and 2017.

Currency risk
Currency risk is the risk that the Group fails to secure foreign currency to import stocks. The Group, continuously liaises with banks to utilise foreign currency generated by Group in exports.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group manages its interest rate risk by having a portfolio of fixed and variable rate loans and borrowings. Approved short term investments and funding instruments are at varying interest rates and mature within a year. To manage this, the Group's policy is to adopt a non-speculative approach to manage interest rate risk whilst maximising profit. The Group 's exposure is limited as interest bearing financial assets and financial liabilities have fixed market related interest rates to maturity.

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group's exposure to the risk is minimal as the majority of inputs are denominated in United States Dollars and are paid within a short space of time.

Exposures to exchange rate fluctuations and foreign loans are limited by the Group treasury policy and are monitored by a Finance and Risk committee. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the reporting date denominated in the South African Rand are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2018

	2018	2017
	$	$
Cash balances	476,329	16,298
Accounts payables	10,214	13,328
Accounts receivables	152,173	10,897

Foreign currency sensitivity
The tables below demonstrate the sensitivity to a reasonably possible change in the USD and ZAR exchange rates with all other components held constant.

	Change in ZAR rate	Effect on profit before tax	Effect on current assets
		$	$
2018	+5%	(31,936)	(31,936)
	-5%	31,936	31,936
2017	+5%	(2,026)	(2,026)
	-5%	2,026	2,026

Exchange rates applied
At 31 October :

	2018		2017	
Average rate to the US dollar	**Income statement position**	**Statement of financial**	**Income statement position**	**Statement of financial**
South African rand	14.35	14.57	14.09	14.13

Credit risk
Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are Grouped into homogeneous Groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as disclosed in the Statement of Financial Position. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in similar jurisdictions but operate in diverse industries with largely independent markets.

Bank and cash deposit balances
Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counter parties and within credit limits assigned to each counter party. Counter party credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance and Risk committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through

potential counter party's failure. The Group's maximum exposure to credit risk is the carrying amount of the bank and cash deposit balances in the statement of financial position at 31 October 2018 and 2017.

Liquidity risk
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group's policy is to generally borrow on a short term basis and that total borrowings are limited by clauses in the memorandum and articles of association of the Group companies. The Board also monitors the Group's exposure to interest rates on a quarterly basis.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 31 October 2018:

Liabilities	Less than 3 months $	3 to 12 months $	1 to 5 years $	Total $
Interest-bearing loans and borrowings	283,847	7,619,534	3,815,632	**11,719,013**
Trade and other payables	5,595,460	–	–	**5,595,460**
	5,879,307	**7,619,534**	**3,815,632**	**17,314,473**

Year ended 31 October 2017:

	Less than 3 months $	3 to 12 months $	1 to 5 years $	Total $
Interest-bearing loans and borrowings	275,488	8,986,500	5,104,679	14,366,667
Trade and other payables	3,479,539	–	–	3,479,539
	3,755,027	**8,986,500**	**5,104,679**	**17,846,206**

Capital management
Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 October 2018 and 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 30% .The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes retained earnings , equity and other reserves.

	2018	2017
	$	$
Interest-bearing loans and borrowings (Note 21)	11,385,619	11,652,316
Trade and other payables (Note 22)	5,595,460	3,479,265
Less: cash and short-term deposits (Note 19)	(3,422,416)	(2,309,674)
Net debt	13,558,663	12,821,907
Equity	82,843,666	79,456,552
Capital and net debt	**96,402,329**	**92,278,459**
Gearing ratio	14%	14%

Collateral

There is a pledge of assets in respect of overdrafts and bank borrowings. The counter parties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

30 Financial information of Agricura (Pvt) Ltd

Agricura (Pvt) Ltd had a material non-controlling interest.

Principal place of business : Harare, Zimbabwe

Proportion of ownership interests held by non-controlling interests: 32.5%

Summarised Statement of Profit or Loss for the year ended 31 October

	2018	2017
	$	$
Revenue	12,892,077	9,144,485
Profit	1,924,770	1,793,753
Total comprehensive income	2,216,704	1,880,639
Profit attributable to non-controlling interest	625,935	582,970
Other comprehensive income attributable to non-controlling interest	94,937	28,238
Summarised Statement of Financial Position as at 31 October		
Current assets	11,259,771	7,543,140
Non-current assets	4,678,020	4,423,170
Current liabilities	5,798,248	3,275,050
Non-current liabilities	284,273	248,468
Accumulated non-controlling interest	3,917,423	3,204,405

31 Events after the reporting period

On 20 February 2019, the RBZ Governor announced a new Monetary Policy Statement (MPS) whose highlights were:

- Denomination of RTGS balances, bond notes and coins collectively as RTGS dollars "RTGS$". RTGS$ became part of the multi currency system.
- RTGS$ to be used by all entities (including government) and individuals in Zimbabwe for purposes of pricing of goods and services, recording debts, accounting and settlement of domestic transactions.
- Establishment of an interbank foreign exchange market where the exchange rate will be determined by market forces. The interbank market opened trading at a rate of US$1 to RTGS$2.5.

The monetary policy announcement was followed by the publication of Statutory Instrument 33 of 2019 (SI33) on 22 February 2019. The Statutory Instrument gave effect to the introduction of the RTGS$ as legal tender and prescribed that "for accounting and other purposes" certain assets and liabilities on the effective date would be deemed to be RTGS$ at a rate of 1:1 to the US$ and would become opening RTGS$ values from the effective date.

The Directors, based on their interpretation of IFRS had considered the MPS of 20 February 2019, and subsequent emergence of an interbank exchange rate to be an adjusting event in terms of International Accounting Standard 10 (IAS 10) "Events after the reporting period" as it was considered as reflective of underlying conditions as at the reporting date of 31 October 2018 and were confirmation of market practice which had come to regard the RTGS balances as an underlying currency. However given the accounting restrictions imposed by SI33/19, these subsequent events have not been adjusted for and management have prepared the financial statements based on an exchange rate of 1:1 to the US dollar in line with SI33/19 and guidance issued by Public Auditors and Accountants Board ("PAAB"). Management has prepared a sensitivity analysis of the statement of financial position as part of the disclosures so as to give the readers an appreciation of the impact of this event.

Had RTGS$ been designated as the functional currency and a different RTGS$:US$ currency rate been determined and applied, the financial statements would have been different as shown on the following page at different exchange rates:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2018

As at 31 October 2018	Total RTGS$ denomi-nated monetary and non-monetary balances	Total US$ denomi-nated monetary balances	Total US$ denomi-nated non-monetary balances	Total RTGS$ trans-lated at a rate of US$1: RTGS$1	Total RTGS$ trans-lated at a rate of US$1: RTGS$ 2.50	Total RTGS$ trans-lated at a rate of US$1: RTGS$ 3.75	Total RTGS$ trans-lated at a rate of US$1: RTGS$ 5
ASSETS							
Property, plant and equipment	17,224,246	–	22,488,382	39,712,628	73,445,201	101,555,679	129,666,156
Investment properties	–	–	38,378,150	38,378,150	95,945,375	143,918,063	191,890,750
Intangible assets	817,074	–	174,210	991,284	1,252,599	1,470,362	1,688,124
Biological assets	1,092,473	–	586,233	1,678,706	2,558,056	3,290,847	4,023,638
Inventories	9,272,944	–	–	9,272,944	9,272,944	9,272,944	9,272,944
Inventory prepayments	1,358,701	1,258,140	–	2,616,841	4,504,051	6,076,726	7,649,401
Trade and other receivables	10,947,483	557,015	–	11,504,498	12,340,021	13,036,289	13,732,558
Held-for-trading investments	3,658,354	–	–	3,658,354	3,658,354	3,658,354	3,658,354
Cash and short term deposits	3,225,602	196,814	–	3,422,416	3,717,638	3,963,6565	4,209,672
Investment held-for-sale	–	–	1,998,144	1,998,144	4,995,360	7,493,040	9,990,720
Total assets	**47,596,877**	**2,011,969**	**63,625,119**	**113,233,965**	**211,689,598**	**293,735,959**	**375,782,317**
LIABILITIES							
Non-current interest-bearing loans and borrowings	1,762,580	–	–	1,762,580	1,762,580	1,762,580	1,762,580
Deferred tax liabilities	(494,449)	–	7,373,721	6,879,272	17,939,854	27,157,005	36,374,156
Current interest-bearing loans and borrowings	9,623,039	–	–	9,623,039	9,623,039	9,623,039	9,623,039
Bank overdrafts	281,425	–	–	281,425	281,425	281,425	281,425
Provisions	435,189	223,093	–	658,282	992,922	1,271,788	1,550,654
Trade and other payables	5,150,911	444,549	–	5,595,460	6,262,284	6,817,970	7,373,656
Income tax payable	1,672,818			1,672,818	1,672,818	1,672,818	1,672,818
Total liabilities	**18,431,513**	**667,642**	**7,373,721**	**26,472,876**	**38,534,922**	**48,586,625**	**58,638,328**
SHAREHOLDER'S EQUITY							
Issued capital	3,571,023	–	–	3,571,023	3,571,023	3,571,023	3,571,023
Share premium	2,898,801	–	–	2,898,801	2,898,801	2,898,801	2,898,801
Non distributable reserves	44,511,884	–	–	44,511,884	44,511,884	44,511,884	44,511,884
Retained earnings	31,861,958	–	–	31,861,958	31,861,958	31,861,958	31,861,958
Non- controlling interest	3,917,423	–	–	3,917,423	3,917,423	3,917,423	3,917,423
Functional currency translation reserve	–	–	–	–	86,393,587	158,388,245	230,382,900
Total equity	**86,761,089**	**–**	**–**	**86,761,089**	**173,154,676**	**245,149,334**	**317,143,989**
							.
Total equity and liabilities	**105,192,602**	**667,642**	**7,373,721**	**113,233,965**	**211,689,598**	**293,735,959**	**375,782,317**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 October 2018

32 Contingent liabilities

The Group recognises that in its normal course of operations it is possible that differences in interpretation of tax laws and regulations may arise. The resolution of such differences may result in an obligation to the Group.

33 Company statement of financial position

as at 31 October :

	Notes	COMPANY 2018 $	2017 $
Assets			
Non-current assets			
Available-for-sale investment	9	–	10,040,368
Investment in subsidiaries		7,939,712	7,939,712
		7,939,712	**17,980,080**
Current assets			
Prepayments		279,884	418,026
Financial assets held-for-trading		3,658,354	–
Amounts due from former associate	18	215,472	228,931
Amounts due from subsidiaries	33a	5,746,220	2,630,352
Cash and short term deposits	33b	12,267	12,122
		9,912,197	**3,289,431**
Investment held-for-sale	10	1,998,144	2,077,000
Total assets		**19,850,053**	**23,346,511**
Equity and liabilities			
Equity			
Issued capital and share premium	20	6,469,824	6,469,824
Non-distributable reserves		1,550,621	4,605,910
Accumulated loss		(384,371)	(1,295,620)
Total equity		**7,636,074**	**9,780,114**
Non-current liabilities			
Interest-bearing loans and borrowings	33c	1,762,580	3,093,745
Current liabilities			
Interest-bearing loans and borrowings	33c	7,958,131	7,256,662
Amounts due to subsidiaries	33a	2,466,953	3,135,493
Accounts payable		26,315	80,497
		10,451,399	**10,472,652**
Total equity and liabilities		**19,850,053**	**23,346,511**

A Mandiwanza
Chairman
26 April 2019

P Devenish
Chief Executive Officer

33a Amounts due from subsidiaries

	2018	2017
	$	$
Agricura	758,282	758,282
Bak Logistics	1,847,722	1,847,645
TSAS	2,689,816	–
TSL Properties	450,400	24,425
Total	**5,746,220**	**2,630,352**
Amounts due to subsidiaries		
Avis	(181,771)	(174,417)
Chimayo	(437,217)	(477,217)
Premier Forklift	(208,259)	(468,013)
Propak Hessian	(199,446)	(390,035)
TPF	(20,000)	(20,000)
TSAS	–	(457,435)
TSF	(1,420,260)	(1,148,376)
Total	**(2,466,953)**	**(3,135,493)**

33b Cash and short-term deposits

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

33c Short term loans and borrowings

	Interest rate	Maturity	2018	2017
			$	$
Current				
Local interest-bearing loans and borrowings	7-10% (2017 :7-10%)	< 1 year	7,958,131	7,256,662
Non-current				
Local interest bearing loans and borrowings	7-10% (2017 :7-10%)	>1 year	1,762,580	3,093,745

Secured loans

There is a negative pledge of assets in respect of overdrafts and bank borrowings. The Group has pledged part of its freehold property with a carrying amount of $32.5 million (2017:$30.6 million) in order to fulfil the collateral requirements for the borrowings in place for the company. The counter parties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

As at 31 October

SHAREHOLDER ANALYSIS

for the year ended 31 October 2018

2018
ANALYSIS BY VOLUME

VOLUME	NUMBER OF HOLDERS	%	SHARES HELD	%
1-5000	985	68.98	971,229	0.27
5001-10000	94	6.58	697,578	0.20
10001-25000	147	10.29	2,378,505	0.67
25001-50000	78	5.46	2,876,682	0.81
50001-100001	38	2.66	2,722,756	0.76
100001 and over	86	6.02	347,455,695	97.30
TOTALS	**1,428**	**100**	**357,102,445**	**100**

ANALYSIS BY INDUSTRY

INDUSTRY				
Local Companies	234	16.39	215,519,402	60.35
Pension Funds	104	7.28	47,955,957	13.43
Insurance Companies	08	0.56	53,194,106	14.90
Foreign Companies	01	0.07	27,333,218	7.65
Local Individual Resident	906	63.45	8,926,040	2.50
Foreign Individual Resident	02	0.14	97,105	0.03
Foreign Nominee	04	0.28	1,180,531	0.33
Local Nominee	70	4.90	1,867,098	0.52
Charitable and Trusts	12	0.84	333,771	0.09
Other Investments & Trusts	31	2.17	333,642	0.09
New Non-Resident	31	2.17	112,651	0.03
Fund Managers	08	0.56	94,305	0.03
Deceased Estates	15	1.05	141,619	0.04
Banks	02	0.14	13,000	0.00
TOTAL	**1,428**	**100**	**357,102,445**	**100**

At 31 October 2017
ANALYSIS BY VOLUME

VOLUME	NUMBER OF HOLDERS	%	SHARES HELD	%
1-5000	994	67.99	997,926	0.28
5001-10000	99	6.77	734,904	0.21
10001-25000	150	10.26	2,447,318	0.69
25001-50000	84	5.75	3,065,961	0.86
50001-100001	43	2.94	3,107,114	0.87
100001 and over	92	6.29	346,749,222	97.10
TOTALS	**1,462**	**100**	**357,102,445**	**100**

ANALYSIS BY INDUSTRY

INDUSTRY				
Local Companies	236	16.14	210,513,670	58.95
Pension Funds	125	8.55	55,233,837	15.47
Insurance Companies	10	0.68	50,116,944	14.03
Foreign Companies	1	0.07	27,333,218	7.65
Local Individual Resident	905	61.90	9,139,443	2.56
Foreign Individual Resident	2	0.14	96,188	0.03
Foreign Nominee	5	0.34	1,181,636	0.33
Local Nominee	74	5.06	2,431,430	0.68
Charitable and Trusts	14	0.96	330,288	0.09
Other Investments & Trusts	19	1.30	267,137	0.07
New Non-Resident	32	2.19	199,888	0.06
Fund Managers	12	0.82	105,875	0.03
Deceased Estates	14	0.96	78,356	0.02
Banks	3	0.21	13,077	0.00
Unknown	10	0.68	61,458	0.02
TOTAL	**1,462**	**100**	**357,102,445**	**100**

SHAREHOLDER ANALYSIS

for the year ended 31 October 2018

TOP TEN SHAREHOLDERS OF THE COMPANY AS AT 31 OCTOBER :

	2018 No. of Shares	%	2017 No. of Shares	%
Closefin Investments (Pvt) Ltd	101,347,798	28.38	101,347,798	28.38
Ramsway Investments (Pvt) Ltd	89,065,759	24.94	89,065,759	24.94
Old Mutual Life Assurance Company	52,491,160	14.70	49,258,504	13.79
Pellston Investments Ltd NNR	27,333,218	7.65	27,333,218	7.65
Mining Industry Pension Fund	18,206,859	5.10	18,206,859	5.10
National Social Security Authority (NPS)	10,484,706	2.94	10,484,706	2.94
Stanbic Nominees (Pvt) Ltd	8,285,745	2.32	8,024,505	2.25
Gentlemark Investments (Pvt) Ltd	7,326,085	2.05	7,326,085	2.05
National Social Security Authority (WCIF)	4,999,477	1.40	4,986,509	1.40
TSL Limited	4,629,328	1.30	4,629,328	1.30
	324,170,135	**90.78**	**320,663,271**	**89.80**

ANALYSIS BY DOMICILE

DOMICILE	2018 NUMBER OF HOLDERS	2018 SHARES HELD	%	2017 NUMBER OF HOLDERS	2017 SHARES HELD	%
ZIMBABWE	1119	326,524,447	91.44	1,137	326,334,254	91.38
MAURITIUS	3	27,775,635	7.78	3	27,775,635	7.78
WARRANT NOT PRESENTABLE	278	2,630,952	0.74	278	2,667,944	0.75
TURKEY	1	96,000	0.03	1	96,000	0.03
SOUTH AFRICA	13	33,640	0.01	11	33,756	0.01
NAMIBIA	1	13,000	0.00	11	33,640	0.01
ZAMBIA	1	12,480	0.00	1	13,000	0.00
AUSTRALIA	1	10,000	0.00	1	12,480	0.00
UNITED KINGDOM	7	3,856	0.00	2	10,188	0.00
ISRAEL	2	2,210	0.00	2	2,210	0.00
USA	2	225	0.00	2	225	0.00
UNKOWN	-	-	-	13	123,113	0.04
TOTAL	**1,428**	**357,102,445**	**100**	**1,462**	**357,102,445**	**100**


MAERSK
MAERSK SEALAND
MCC
DAL


MAERSK
MAERSK SEALAND
Safmarine

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-First Annual General Meeting of the shareholders of TSL Limited will be held in the Auditorium, Ground Floor, 28 Simon Mazorodze Road, Southerton, Harare, Zimbabwe on Wednesday, 19 June 2019 at 1200 hours for the purpose of transacting the following business:

ORDINARY BUSINESS

1. Financial Statements and Statutory Reports

1.1 To approve the minutes of the previous Annual General Meeting held on 27 March 2018.

1.2. To receive, consider and adopt the Financial Statements for the year ended 31 October 2018 together with the reports of the Directors' and Auditors thereon.

2. Directorate

2.1. Dr D Garwe, Messrs E Muvingi, B Zamchiya and Ms J Gracie were appointed to the Board after the last Annual General Meeting. In terms of Article 89 of the Company's Articles of Association, they retire at this meeting, and being eligible, offer themselves for election.

2.2. Messrs W Matsaira, H Rudland and P Shah are due to retire by rotation. All being eligible, they will offer themselves for re-election. Each director shall be elected separately.

2.3. Messrs R Costa, K Naik and N Swanepoel resigned from the Board after the last Annual General Meeting.

3. Remuneration of Directors

To fix the budget for fees payable to Directors for the year ending 31 October 2019 and to confirm the actual amount paid for the year ended 31 October 2018.

4. External Auditors

To approve the external auditor's remuneration for the previous year and to re-appoint Ernst & Young Chartered Accountants (Zimbabwe) as auditors for the current year.

SPECIAL BUSINESS

5. Executive Share Appreciation Rights Plan

To consider, and if deemed fit, to pass with or without modification, the following resolutions:

As an Ordinary Resolution

5.1 That the Directors of the Company be and are hereby authorised to establish an Executive Share Scheme, to be called the "2018 Executive Share Appreciation Rights Plan" for shares in the aggregate not exceeding 17,855,122 (seventeen million eight hundred and fifty five thousand one hundred and twenty two) ordinary shares being 5% of the 357,102,445 (three hundred and fifty seven million one hundred and two thousand four hundred and forty five) ordinary shares in issue on 24 May 2019, being the date of this AGM Notice".

NOTICE OF ANNUAL GENERAL MEETING

5.2 That the Directors of the Company be and are hereby authorised to approve the reservation for a ten (10) year period of 17,855,122 (seventeen million eight hundred and fifty five thousand one hundred and twenty two) ordinary shares out of the authorised unissued share capital of the Company as of the date hereof and the issue and allotment of such ordinary shares to the TSL 2018 Executive Share Appreciation Rights Plan.

5.3 Waiver of Pre-Emptive Rights in respect of Shares for the TSL 2018 Executive Share Appreciation Rights Plan

To resolve as a special resolution, with or without amendment, in terms of Section 5.82 of the Zimbabwe Stock Exchange Listings Requirements requiring an 85% majority:-

"To waive any pre-emptive rights of the Shareholders in respect of shares to be issued and allotted pursuant to the TSL 2018 Executive Share Appreciation Rights Plan referred to in Special Resolution above"

6. Amendment of Article 153

Electronic copies of the Directors Report, Statements of Financial position, Comprehensive Income, Changes in Equity and Cash Flow and all other documents required to be annexed thereto and publicized on the Company's website shall be deemed to be sufficient delivery to members. Provided that should a member request a hard copy of the Directors Report, Statement of Financial Position, Comprehensive Income, Changes in Equity and Cash Flow and all other documents required to be annexed thereto from the Company, the documents shall be provided to the member in hard copy format.

7. Any Other Business

To transact any other business as may be transacted at an Annual General Meeting.

Appointment of Proxy

Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. Proxy forms should be forwarded to reach the office of the Transfer Secretaries, or the Group Company Secretary at least 48 hours before the commencement of the meeting. A proxy form is enclosed in the Annual Report for the convenience of any shareholder who may not be able to attend.

BY ORDER OF THE BOARD

Jmuchando

....

James Muchando
Company Secretary
26 April 2019

REGISTERED OFFICE
28 Simon Mazorodze Road,
Southerton,Harare, Zimbabwe

SHAREHOLDER'S DIARY

Sixty first Annual General Meeting	June 2019
Financial year end	31 October 2018
Interim reports	
6 months to 30 April 2019	
Interim dividend declaration	June 2019
12 months to 31 October 2019 and final dividend declaration	January 2020
Annual report published	February 2020

NOTES

NOTES