TSL LIMITED GROUP ABRIDGED AUDITED RESULTS

FOR THE YEAR ENDED 31 OCTOBER 2020

SALIENT FEATURES

- Global COVID 19 pandemic, national lockdown, mobility restrictions and supply chain disruptions impact business to varying degrees.
- Agricultural season negatively impacted by 2019/20 drought. National tobacco volumes down 29% to 183million kg.
- Volatile exchange rates stabilised in June 2020 by introduction of interbank auction system - mismatch in reporting of US$ revenues and ZWL$ costs.
- Professional valuation of the real estate portfolio performed in US$ no ZWL$ inputs. Conservative Directors' valuation taken.
- Group remains resilient - financial position remains sound, low level of gearing maintained amidst uncertainties.
- Revenue down 16% in inflation adjusted terms and increased 540% in historical terms against inflation of 471%.
- Profit from operations down 37% in inflation adjusted terms and increased 421% in historical terms.
- Value preserved through reinvestment of cash generated from operations into productive assets.

The Directors of TSL Limited are pleased to announce the Group's abridged audited results for the year ended 31 October 2020

GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October		INFLATION ADJUSTED 2020 AUDITED ZWL$	INFLATION ADJUSTED 2019 AUDITED ZWL$	HISTORICAL 2020 UNAUDITED ZWL$	HISTORICAL 2019 UNAUDITED ZWL$
Revenue		2,191,534,074	2,599,023,751	1,316,210,383	205,810,240
Cost of sales		(339,745,587)	(246,028,260)	(187,433,888)	(15,442,695)
Gross Profit		**1,851,788,487**	**2,352,995,491**	**1,128,776,495**	**190,367,545**
Other operating income		137,443,527	111,026,653	57,340,941	4,899,450
Other operating expenses		(460,235,606)	(589,466,758)	(286,699,574)	(45,433,128)
Staff costs		(641,873,588)	(631,941,793)	(389,525,440)	(54,361,493)
Earnings before interest, taxation, depreciation and amortisation		**887,122,820**	**1,242,613,595**	**509,892,422**	**95,472,374**
Depreciation and amortisation		(190,888,688)	(131,328,079)	(37,803,426)	(4,887,509)
Operating profit		**696,234,132**	**1,111,285,516**	**472,088,996**	**90,584,865**
Fair value adjustments on biological assets		(18,755,237)	(41,622,456)	31,388,328	9,347,382
Fair value adjustments on listed equities		36,379	6,411,797	22,567,664	1,122,317
Fair value adjustments on investment properties		352,380,961	184,523,216	1,439,415,707	201,250,867
Net exchange gains		173,412,680	295,074,953	176,478,359	20,984,295
Net monetary loss		(468,160,883)	(498,101,565)	-	-
Net finance costs		(81,199,204)	(35,583,335)	(46,948,292)	(2,701,434)
Profit on disposal of held-for-sale investment		-	71,565,980	-	12,526,865
Profit before tax		**653,948,828**	**1,093,554,106**	**2,094,990,762**	**333,115,157**
Income tax charge	*Note 10*	(275,563,928)	(384,358,700)	(414,979,254)	(46,535,230)
Profit for the period		**378,384,900**	**709,195,406**	**1,680,011,508**	**286,579,927**
Attributable to:					
Equity holders of the parent		377,955,055	650,089,314	1,655,663,164	282,812,419
Non-controlling interest		429,845	59,106,092	24,348,344	3,767,508
		378,384,900	**709,195,406**	**1,680,011,508**	**286,579,927**
Number of shares in issue		357,102,445	357,102,445	357,102,445	357,102,445
Earnings per share (cents)		105.8	182	463.6	79.2
Headline earnings per share (cents)		208.1	224	104.7	24.1
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation of property		210,870,661	170,550,737	914,927,071	128,449,905
Deferred tax on revaluation of property		(52,127,227)	(65,495,470)	(226,169,972)	(29,191,507)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Translation of a foreign subsidiary		66,023,252	94,953,059	66,023,252	16,620,525
Total other comprehensive income net of tax		224,766,686	200,008,326	754,780,351	115,878,923
Total comprehensive income		**603,151,586**	**909,203,732**	**2,434,791,859**	**402,458,850**
Attributable to:					
Equity holders of the parent		593,227,789	849,933,562	2,367,456,335	391,607,308
Non-controlling interest		9,923,797	59,270,170	67,335,524	10,851,542
		603,151,586	**909,203,732**	**2,434,791,859**	**402,458,850**

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

As at 31 October		INFLATION ADJUSTED 2020 AUDITED ZWL$	INFLATION ADJUSTED 2019 AUDITED ZWL$	HISTORICAL 2020 UNAUDITED ZWL$	HISTORICAL 2019 UNAUDITED ZWL$
ASSETS					
Non-current assets					
Property, plant and equipment		1,885,762,775	1,521,071,179	1,241,263,905	186,644,905
Investment properties		1,892,519,890	1,373,498,013	1,817,354,832	240,416,246
Intangible assets		33,625,004	32,536,547	2,424,873	1,184,022
Right of use assets	*Note 3*	209,106,936	-	73,619,658	-
		4,021,014,605	**2,927,105,739**	**3,134,663,268**	**428,245,173**
Current assets					
Biological assets		23,592,750	22,973,938	23,592,750	4,021,344
Inventories		464,456,031	434,669,726	166,936,557	43,877,949
Inventory prepayments		157,536,796	278,072,374	106,383,258	15,844,588
Trade and other receivables		329,565,877	502,938,585	302,400,888	68,568,076
Held-for-trading investments		27,348,335	27,311,956	27,348,355	4,780,668
Cash and bank balances		338,322,712	365,083,809	338,322,712	63,904,045
		1,340,822,501	**1,631,050,388**	**964,984,520**	**200,996,670**
Total assets		**5,361,837,106**	**4,558,156,127**	**4,099,647,788**	**629,241,843**
EQUITY AND LIABILITIES					
Equity					
Issued share capital and premium		199,669,287	199,669,287	6,469,824	6,469,824
Non-distributable reserves		422,208,402	202,123,946	866,557,729	153,306,773
Retained earnings		3,319,925,894	2,900,302,736	2,008,377,927	308,100,047
Attributable to equity holders of parent		**3,941,803,583**	**3,302,095,969**	**2,881,405,480**	**467,876,644**
Non-controlling interest		193,837,357	179,480,523	83,918,593	14,746,682
Total equity		**4,135,640,940**	**3,481,576,492**	**2,965,324,073**	**482,623,326**
Non-current liabilities					
Interest bearing borrowings		722,801	4,723,520	722,801	826,802
Deferred tax liabilities		383,550,186	448,639,371	296,837,792	48,468,907
Lease liabilities	*Note 3*	47,151,779	-	47,151,779	-
		431,424,766	**453,362,891**	**344,712,372**	**49,295,709**
Current liabilities					
Interest bearing borrowings		146,229,121	99,291,014	146,229,121	17,379,838
Bank overdraft		34,867,686	29,839,496	34,867,686	5,223,087
Provisions		23,663,104	18,739,331	23,663,104	3,280,122
Trade and other payables		200,837,808	329,562,300	195,677,751	45,921,714
Income tax payable		358,576,055	145,784,603	358,576,055	25,518,047
Lease liability	*Note 3*	30,597,626	-	30,597,626	-
		794,771,400	**623,216,744**	**789,611,343**	**97,322,808**
Total equity and liabilities		**5,361,837,106**	**4,558,156,127**	**4,099,647,788**	**629,241,843**

GROUP ABRIDGED STATEMENT OF CASH FLOWS

For the year ended 31 October:	INFLATION ADJUSTED 2020 AUDITED ZWL$	INFLATION ADJUSTED 2019 AUDITED ZWL$	HISTORICAL 2020 UNAUDITED ZWL$	HISTORICAL 2019 UNAUDITED ZWL$
OPERATING ACTIVITIES				
Profit before tax	653,948,828	1,093,554,106	2,094,990,762	333,115,157
Non-cash adjustments to reconcile profit before tax to net cash flows	(578,716,733)	(476,489,817)	(1,499,661,794)	(193,258,355)
	75,232,905	**617,064,289**	**595,328,968**	**139,856,802**
Net increase/(reduction) in working capital	134,778,677	(93,761,270)	(301,451,037)	(66,912,701)
Operating cash flow	**210,010,772**	**523,303,019**	**293,877,931**	**72,944,101**
Net finance costs paid	(81,199,204)	(35,583,335)	(46,948,292)	(2,701,434)
Income tax paid	(68,873,230)	(166,923,148)	(59,722,332)	(11,237,785)
Net cash generated from operating activities	**59,938,338**	**320,796,536**	**187,207,307**	**59,004,882**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and investment properties	(532,960,608)	(270,660,813)	(299,835,261)	(23,613,170)
Proceeds on disposal of property, plant and equipment	10,376,856	17,703,839	2,950,734	1,339,855
Purchase of intangible assets	(3,334,164)	(2,346,803)	(1,510,790)	(247,732)
Proceeds on disposal of available for sale investment	-	100,104,466	-	17,522,224
Net cash used in investing activities	**(525,917,916)**	**(155,199,311)**	**(298,395,317)**	**(4,998,823)**
FINANCING ACTIVITIES				
Net increase in loans and borrowings	254,003,435	146,623,294	128,745,282	6,821,021
Ordinary dividend paid to equity holders of the parent	(128,725,677)	(73,912,292)	(26,468,999)	(5,287,112)
Payment of principal portion of lease liabilty	(27,820,822)	-	(17,086,359)	-
Sale of shares in a subsidiary	141,082,136	-	75,120,935	-
Net cash generated from financing activities	**238,539,072**	**72,711,002**	**160,310,859**	**1,533,909**
Net (decrease)/increase in cash and cash equivalents	**(227,440,506)**	**238,308,227**	**49,122,849**	**55,539,968**
Net exchange gains	195,651,219	-	195,651,219	-
Cash and cash equivalents at the beginning of the period	335,244,313	96,936,086	58,680,958	3,140,990
Cash and cash equivalents at the end of the period	**303,455,026**	**335,244,313**	**303,455,026**	**58,680,958**
Represented by:				
Cash and bank balances	338,322,712	365,083,809	338,322,712	63,904,045
Bank overdraft	(34,867,686)	(29,839,496)	(34,867,686)	(5,223,087)
	303,455,026	**335,244,313**	**303,455,026**	**58,680,958**

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2020

HISTORICAL	Issued share capital and premium	Non-distributable reserves	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
Balance at 1 November 2018	6,469,824	44,511,884	31,861,958	82,843,666	3,917,423	86,761,089
Effects of adopting IFRS 9	-		(1,287,218)	(1,287,218)	(22,283)	(1,309,501)
Restated opening balances	**6,469,824**	**44,511,884**	**30,574,740**	**81,556,448**	**3,895,140**	**85,451,588**
Profit for the period	-	-	282,812,419	282,812,419	3,767,508	286,579,927
Other comprehensive income	-	108,794,889	-	108,794,889	7,084,034	115,878,923
Total comprehensive income	-	108,794,889	282,812,419	391,607,308	10,851,542	402,458,850
Ordinary dividend	-	-	(5,287,112)	(5,287,112)	-	(5,287,112)
Balance at 31 October 2019	**6,469,824**	**153,306,773**	**308,100,047**	**467,876,644**	**14,746,682**	**482,623,326**
Profit for the period	-	-	1,655,663,164	1,655,663,164	24,348,344	1,680,011,508
Transfer between reserves	-	364,446	(364,446)	-	-	-
Employee share option expense	-	1,093,339	-	1,093,339	-	1,093,339
Disposal of 20% in subsidiary	-	-	71,448,161	71,448,161	1,836,387	73,284,548
Other comprehensive income	-	711,793,171	-	711,793,171	42,987,180	754,780,351
	-	713,250,956	1,726,746,879	2,439,997,835	69,171,911	2,509,169,746
Dividends	-	-	(26,468,999)	(26,468,999)	-	(26,468,999)
Balance at 31 October 2020	**6,469,824**	**866,557,729**	**2,008,377,927**	**2,881,405,480**	**83,918,593**	**2,965,324,073**

INFLATION ADJUSTED	Issued share capital and premium	Non-distributable reserves	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
Balance at 1 November 2018	199,669,287	2,279,698	2,354,741,258	2,556,690,244	120,898,043	2,677,588,287
Effects of adopting IFRS 9			(30,615,544)	(30,615,544)	(687,691)	(31,303,235)
Restated opening balances	**199,669,287**	**2,279,698**	**2,324,125,714**	**2,526,074,700**	**120,210,352**	**2,646,285,052**
Profit for the period			650,089,314	650,089,314	59,106,092	709,195,406
Other comprehensive income		199,844,248	-	199,844,248	164,078	200,008,326
Total comprehensive income	-	199,844,248	650,089,314	849,933,562	59,270,170	909,203,732
Ordinary dividend	-	-	(73,912,292)	(73,912,292)	-	(73,912,292)
Balance at 31 October 2019	**199,669,287**	**202,123,946**	**2,900,302,736**	**3,302,095,969**	**179,480,523**	**3,481,576,492**
Profit for the period	-	-	377,955,055	377,955,055	429,845	378,384,900
Transfer between reserves	-	2,082,080	(2,082,080)	-	-	-
Employee share option expense	-	2,729,642	-	2,729,642	-	2,729,642
Disposal of 20% in subsidiary		-	172,475,860	172,475,860	4,433,038	176,908,898
Other comprehensive income	-	215,272,734	-	215,272,734	9,493,952	224,766,686
	-	220,084,456	548,348,835	768,433,291	14,356,835	782,790,126
Dividends	-	-	(128,725,677)	(128,725,677)	-	(128,725,677)
Balance at 31 October 2020	**199,669,287**	**422,208,402**	**3,319,925,894**	**3,941,803,583**	**193,837,357**	**4,135,640,940**

NOTES TO THE FINANCIAL RESULTS FOR THE YEAR ENDED 31 OCTOBER 2020

1. BASIS OF PREPARATION

The consolidated inflation adjusted financial results, from which these abridged consolidated financial statements are an extract, have been prepared in accordance with International Financial Reporting Standards (IFRS),except for non-compliance with IAS 21 "Effects of Changes in Foreign Exchange Rates" and IAS 29 "Financial Reporting in Hyperinflationary Economies". The non-compliance occurred in the prior financial year due to differences in the dates of application of the standards. Had the Group applied the requirements of IAS 21 and IAS 29, many elements of the consolidated financial statements would have been materially impacted. The consolidated financial statements also comply with the requirements of the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31)and the Zimbabwe Stock

Directors: A S Mandiwanza (Chairman), D Odoteye* (Chief Executive Officer), P Shah, B Ndebele, H Rudland, W Matsaira, M Nzwere, J Gracie, D Garwe, E Muvingi, B Zamchiya, P Mujaya*, P Shiri*. (* Executive)

Exchange (ZSE) Listing Requirements. The Directors of TSL Limited are responsible for the preparation and fair presentation of the annual Group financial statements, of which this press release represents an extract.

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

The accounting policies are consistent with those used in preparing the 31 October 2019 Group financial statements. In the current year, the Group has adopted the requirements of IFRS 16 "Leases".

2. PRESENTATION AND FUNCTIONAL CURRENCY

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

	Index	Conversion factor
CPI as at 31 October 2020	2301.7	1.00
CPI as at 31 October 2019	402.9	5.71

3. ADOPTION OF IFRS 16

The Group has adopted IFRS 16 (Leases), with effect from 1 November 2019 using the modified retrospective approach. IFRS 16 introduced a single on balance sheet accounting model for leases by lessees and eliminates the distinction between operating and finance leases. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises a right of use asset and lease liability for its leases. As permitted under the specific IFRS 16 transitional provisions, the Group elected not to restate its comparative financial statements. Consequently, comparative information is reported on an IAS 17 (Leases) basis and is not fully comparable to prior period and/or prior year information.

The Group has adopted IFRS 16 (Leases), with effect from 1 November 2019 using the modified retrospective approach. IFRS 16 introduced a single on balance sheet accounting model for leases by lessees and eliminates the distinction between operating and finance leases. As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises a right of use asset and lease liability for its leases. As permitted under the specific IFRS 16 transitional provisions, the Group elected not to restate its comparative financial statements. Consequently, comparative information is reported on an IAS 17 (Leases) basis and is not fully comparable to prior period and/or prior year information.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 November 2019. Right of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics and
- The Group elected to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

Below is a summary of the financial impact on transition to IFRS 16;

	INFLATION ADJUSTED 31 OCT 2020 AUDITED
As at 1 November 2019	**Right of use asset**
Initial recognition	115,362,049
Lease modification	129,628,924
Depreciation expense	(35,884,037)
As at 31 October 2020	**209,106,936**
As at 1 November 2019	**Lease liability**
Initial recognition	115,362,049
Lease modification	129,628,924
Accretion of interest	22,539,181
Payments	(50,360,003)
Inflation adjustments	(139,420,746)
As at 31 October 2020	**77,749,405**
Non Current	47,151,779
Current	30,597,626

4. FAIR VALUE ADJUSTMENT ON INVESTMENT PROPERTIES

Property valuations rely on historical market evidence for calculation of inputs. Such market evidence does not exist at present to calculate ZWL values. The company's independent property valuers adopted the approach of converting US$ valuation inputs at the interbank foreign exchange rate of 81.35 at 31 October 2020. The valuers concerns with this approach were that it ignored market dynamics of demand and supply. The approach did not take into consideration the fact that different property sub-sectors would respond differently to the new currency and that a conversion at the closing interbank auction rate would likely overstate property values. Given the above concerns, the Directors have elected to use a much more conservative basis to value the Group's real estate portfolio. The Directors used the actual US$ rental yield achieved in the year of 7.8% (2019: 5%) to determine the ZWL value of the underlying property portfolio. The implied conversion rate adopted was US$1:ZWL$56.69 instead of the closing interbank auction exchange rate of US$1:ZWL$81.35.

5. AUDITORS STATEMENT

The consolidated inflation adjusted financial statements from which this abridged version has been extracted, have been audited by Ernst & Young Chartered Accountants (Zimbabwe). An adverse opinion has been issued thereon in respect of non-compliance with the requirements of International Accounting Standard (IAS) 21, "The effects of foreign exchange rates", consequential impact of applying IAS29 "Financial Reporting in Hyperinflationary Economies" on an incorrect base and disagreement on the valuation of investment properties, freehold land and buildings. The auditor's report on these inflation adjusted consolidated financial statements is available for inspection at the Group's registered office.

6. GOING CONCERN

The Directors have assessed the ability of the Group to continue operating as a going concern, in light of the COVID-19 pandemic, and believe that the preparation of the financial results on a going concern basis is still appropriate.

7. CONTINGENT LIABILITIES

There are no material contingent liabilities at the reporting date.

8. EVENTS AFTER THE REPORTING DATE

The authorities announced another level 4 lockdown effective 5 January 2021. The Group entities remain classified as essential services. The impact of this lockdown and the second wave of COVID-19 in the nation cannot be fully quantified at the moment.

9. NET FINANCE COSTS

	INFLATION ADJUSTED 31 OCT 2020 AUDITED ZWL$	31 OCT 2019 AUDITED ZWL$
Interest on lease liabilities	22,539,181	-
Interest on debts and borrowings	58,850,057	35,746,573
Interest on investments with banks during the year	(190,034)	(163,238)
Net finance costs in profit or loss	**81,199,204**	**35,583,335**

10. TAXATION

The major components of income tax expense for the full years ended 31 October 2020 and 31 October 2019 are shown below:

Current income tax charge	392,780,340	213,520,279
Capital gains tax	-	10,418,838
Deferred tax	(117,216,412)	160,419,583
Income tax expense in profit or loss	**275,563,928**	**384,358,700**

11. BORROWINGS - INFLATION ADJUSTED

	Interest rate%	Maturity	31 OCT 2020 ZWL$	31 OCT 2019 ZWL$
The terms and conditions of the borrowings are as below: Authorised in terms of Articles of Association			4,447,986,110	723,934,990
Interest bearing borrowings				
Current interest bearing borrowings:				
Bank borrowings	38%-65% (2019 : 5%-40%)	2021	146,229,121	99,291,014
Non-current interest bearing borrowings:				
Bank borrowings	38%-65% (2019 : 5%-40%)	2022	722,801	4,723,520
Total interest bearing borrowings			**146,951,922**	**104,014,534**
Actual borrowings as a percentage of authorised borrowings			3%	14%

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 an inflation adjusted carrying amount/ fair value of ZWL$2 billion (31 October 2019: ZWL$ 3,7 billion) in order to fulfil the collateral requirements for the borrowings in place. The counterparties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

12. GROUP ABRIDGED SEGMENT RESULTS

INFLATION ADJUSTED
For the year ended 31 October 2020

	Logistics Operations	Agriculture Operations	Real Estate Operations	Services	Eliminations	Consolidated
Revenue-external customers	837,661,480	1,385,763,504	365,304,626	149,157,681	(546,353,217)	2,191,534,074
Depreciation and amortisation	(62,348,173)	(116,482,863)	(9,969,349)	(2,088,303)	-	(190,888,688)
Fair value adjustment and impairments	-	(18,755,237)	352,380,961	36,379	-	333,662,103
Net exchange gains	60,174,983	122,554,793	(150,461,553)	141,144,457	-	173,412,680
Segment profit	123,448,708	372,344,475	272,404,553	(71,963,604)	-	696,234,132
Operating assets	515,532,978	1,526,045,063	2,765,731,708	284,447,081	-	5,091,756,830
Operating liabilities	45,873,911	97,642,378	24,739,888	56,244,735	-	224,500,912
Other disclosures:						
Held-for-trading investment	-	-	-	27,348,335	-	27,348,335
Capital expenditure	126,514,633	229,029,978	164,573,616	12,842,381	-	532,960,608

For the year ended 31 October 2019

	Logistics Operations	Agriculture Operations	Real Estate Operations	Services	Eliminations	Consolidated
Revenue-external customers	1,091,156,166	1,516,292,712	195,913,452	57,863,138	(262,201,717)	2,599,023,751
Depreciation and amortisation	51,077,339	73,031,102	177,040	7,042,598	-	131,328,079
Fair value adjustment and impairments	-	(41,622,456)	184,523,216	6,411,797	-	149,312,557
Segment profit/(loss)	410,343,315	725,097,696	138,332,685	(162,488,180)	-	1,111,285,516
Operating assets	642,765,802	1,438,471,002	2,106,206,780	310,864,040	-	4,498,307,624
Operating liabilities	163,588,807	116,116,440	6,205,963	62,390,422	-	348,301,632
Other disclosures:						
Held-for-trading investment	-	-	-	27,311,956	-	27,311,956
Capital expenditure	119,543,445	126,274,205	19,348,120	5,495,043	-	270,660,813

13. SUPPLEMENTARY INFORMATION

	INFLATION ADJUSTED 2020 AUDITED ZWL$	2019 AUDITED ZWL$
Capital commitments - authorised but not contracted for	505,259,419	1,713,900,000
Depreciation on property, plant and equipment	190,888,688	131,328,079

CHAIRMAN'S STATEMENT

14. REVIEW OF THE OPERATING ENVIRONMENT

The economic environment was volatile and unpredictable characterised by limited availability of foreign currency, unstable exchange rates and fuel shortages. Rising inflation continued to erode disposable incomes and reduce consumer spending power. The rapidly changing regulatory environment further complicated business operations.

The monetary authorities introduced a foreign currency auction system in June 2020 in response to the persistent foreign currency shortages and the volatile exchange rate. This has brought a measure of stability in the exchange rate and has improved the availability of foreign currency on a more transparent system. Since its introduction, the auction system has seen a movement in the exchange rate from a fixed 1:25 to the US Dollar to 1:81.3 as of 31 October 2020.

The country largely experienced a very dry start to the summer season. Initial forecasts of a severe drought were subsequently averted as rains were received midway through January 2020. The 2019/20 drought left vast segments of the population food insecure and negatively affected yields for most crops. Dam levels across most parts of the Country remained low and significantly impacted both winter and summer cropping programmes. National tobacco volumes at 183 million kgs were 29% below prior year volume of 258 million kgs, whilst pricing was 23% firmer.

The World Health Organisation declared COVID-19 a global pandemic on 11 March 2020. A National lockdown was subsequently enforced. All the Group's business units qualify as essential services and continued to operate at varying capacities. Auction floors were negatively impacted as regulators prevented decentralisation of auction floors and travel bans resulted in a complete shut down of car hire business. The Global COVID-19 pandemic increased health and safety risks and consequently the cost to business of keeping staff and business partners safe whilst operating at reduced capacities. Supply chains were significantly disrupted and will be for the foreseeable future. The disruptive effects of the COVID-19 pandemic were expected to continue beyond the 2020 calendar year.

15. PERFOMANCE OVERVIEW

The Group has remained resilient. Preservation of shareholder value is a key priority and the Group's financial position has been strengthened. Gearing remains deliberately low in inflation adjusted tems, at under 5%. The Group has continued to generate positive cash flows which have largely been utilised to fund operations, dividends to shareholders, and reduce the Group's gearing during the period. The Group continues to invest in productive capital assets which enhance efficiencies in the business. Local currency liquidity through financial institutions remained constrained during the period. However, the Group deliberately and quickly converted cash generated from operations into investments that preserve shareholder value. Stock levels in both Agricura and Propak are adequate for the coming season.

Inflation adjusted revenue for the year decreased by 16% from prior year on the back of reduced volumes. The Group generated a significant portion of its revenue in foreign currency which is converted to ZWL using the official exchange rate which for the better part of the year remained fixed at 1:25 until the introduction of the interbank auction system in June 2020. The official exchange rate did not increase in line with inflation during the year. Local suppliers charged their products and services in line with the parallel exchange rate which was ahead of the official rates. Cost containment measures implemented in the period resulted in reduction of operating expenses by 22% from prior year. The cost of borrowings significantly increased in the year from an average of 30% to 50%.

Property valuations

The Directors have elected to use a much more conservative basis to value the Group's real estate portfolio as explained in Note 4. The Directors used the actual US$ rental yield achieved in the year of 7.8% (up from 5% in prior year) to determine the ZWL$ value of the underlying property portfolio.

Note to users of financial statements

The Group's consolidated financial statements have not in all material respects been prepared in compliance with the requirements of IAS 21-The Effects of Changes in Foreign Exchange Rates.

The reporting period was characterized by multiple exchange rates and therefore the Board advises users to exercise caution in the interpretation of these financial statements.

Agricultural Operations

Tobacco related services

Independent auction volumes at Tobacco Sales Floor at 6.69 million kgs were 69% below prior year owing to the smaller tobacco crop and auction floors not receiving the requisite approvals to decentralise. TSF still holds the largest market share in this segment and has the highest seasonal average price. Contracted volumes handled for tobacco merchants at 8.46 million kgs are 42% below the same period last year. Work is being undertaken with industry players to ensure a smoother tobacco marketing season in 2021.

Volumes at Propak Hessian were down 24% due to the decline in national tobacco crop and reduced volumes through the independent auction market. The foreign exchange auction market eased the sourcing of currency for importation of hessian.

Agricultural trading

Agricura recorded volume growth across major product lines, largely attributable to product availability and more attractive pricing on locally manufactured products. The drought impacted the uptake of agro chemicals in general, however, Agricura has seen an increase in market share.

The business has invested in enhancing its manufacturing capabilities in partnership with international players. This has allowed for a strategic shift in the current year from over-reliance on imported finished product to more locally produced chemicals under license. Volumes in these product lines are growing steadily with the business being able to better meet demand for animal health remedies in the current period. The business will continue to invest in upgrading its plant and machinery to widen the range of products that are locally manufactured.

The company has also been producing hand sanitizers and disinfectants for the market as part of its social responsibility in the fight against COVID-19.

Agricultural commodity production

The farming operation recorded satisfactory yields across its major summer crops - tobacco, maize, soya and chillies which were largely grown under irrigation. Tobacco yields were satisfactory with pricing marginally below prior year. The lower than expected rainfall resulted in rationing of water and consequently the yields on the banana plantation were reduced and the winter wheat programme scaled back.

Logistics Operations

End to end logistics services

Tobacco handling volumes were 9% behind prior year due to the later start of the tobacco selling season and delays in tobacco processing. The distribution division recorded significant growth in volumes as new customers were secured. Volumes in the ports business decreased by 51% due to generally slower movement of both imports and exports owing to the Covid-19 pandemic. Handling volumes at Premier Forklifts were 23% below prior year due to the delayed start of tobacco processing. Meanwhile, forklift sales were also depressed as most customers held back on capital projects under lockdown. Volumes in the freight forwarding and customs clearing business were depressed as imports by the customer base remained subdued.

Vehicle rental services

Avis' rental days were 54% below prior year as the business was significantly affected by the ban on both local and international travel during the year as a result of the global pandemic.

Real Estate Operations

Rental yields have been enhanced to 7.8% from 5% in prior year. Voids increased to 12% due to the lower tobacco crop. Construction of a 10,000 square metre world class warehouse is progressing well, although delays have been encountered in the steel supply chain. The warehouse is scheduled for completion and occupation in April 2021.

16. OUTLOOK

The second wave of the COVID-19 global pandemic has resulted in renewed lockdown which will impact the Group's operations going forward. The afore-mentioned economic pressures are expected to persist in the next financial year. With the introduction of the foreign currency auction system, the availability of foreign currency for restocking and capital investments is expected to continue to improve. A more stable exchange rate will minimize business disruptions.

The Group will continue to position itself to take advantage of the opportunities for growth in pursuit of the "moving agriculture" strategy. We will continue to invest in our people, upgrading our infrastructure, invest in our manufacturing plants, market presence, developing our technology platforms and leveraging on our local and international partnerships. The Group is exploring opportunities to expand its operations locally and regionally; organically and through strategic acquisitions. In the coming year, the Group will also undertake a pilot project with its partners and Government in the introduction of a commodities exchange for primary agricultural produce. This is expected to have a materially positive impact on the agricultural sector in the years to come.

17. Impact of COVID-19

The increase in infections in the country has significantly disrupted business operations. Though Group entities continued to operate as essential services during the lockdown period, supply chains have been disrupted to varying degrees. The full impact of the pandemic on the Group's future financial performance remains uncertain.

Focus remains on ensuring safety of staff and stakeholders with measures being implemented to curb transmissions of COVID-19. The Group has implemented various contingency plans to mitigate associated risks and ensure disruptions of operations are minimized.

18. DIVIDEND

At their meeting held on 27 January 2021, the Directors declared a final dividend of ZWL$0.28 cents per share payable in respect of all the ordinary shares of the Company. This dividend is in respect of the financial year ending 31 October 2020 and will be payable in full to all the shareholders of the Company registered at close of business on 20th April 2021. The payment of this dividend will take place on or about 30th April 2021. The shares of the Company will be traded cum-dividend up to the market day of 13 April 2021 and ex-dividend as from 14th April 2021. The Company's share register will be closed for the period 14 to 17 April 2021.

27 January 2021
By Order of the Board
James Muchando

Directors: A S Mandiwanza (Chairman), D Odoteye* (Chief Executive Officer), P Shah, B Ndebele, H Rudland, W Matsaira, M Nzwere, J Gracie, D Garwe, E Muvingi, B Zamchiya, P Mujaya*, P Shiri*. (* Executive)