

Hippo Valley Estates Limited



INTEGRATED REPORT 2024

A Tongaat Hulett Company

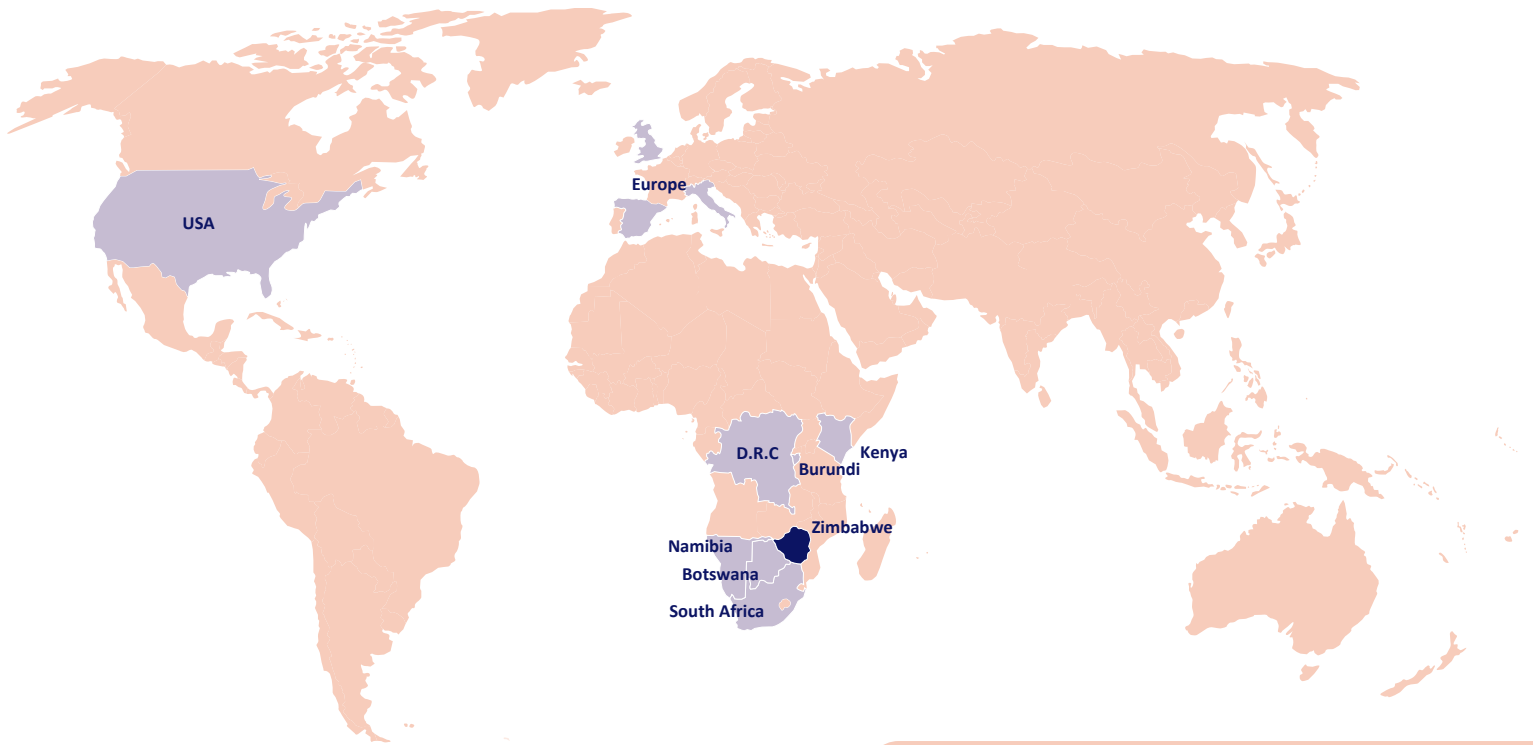


Est. 1892

TongaatHulett[®]

OUR FOOTPRINT

In addition to our presence in the local market, we are also trading regionally in Africa and as far as the United States of America (USA) and European markets.



■ Export ■ Local

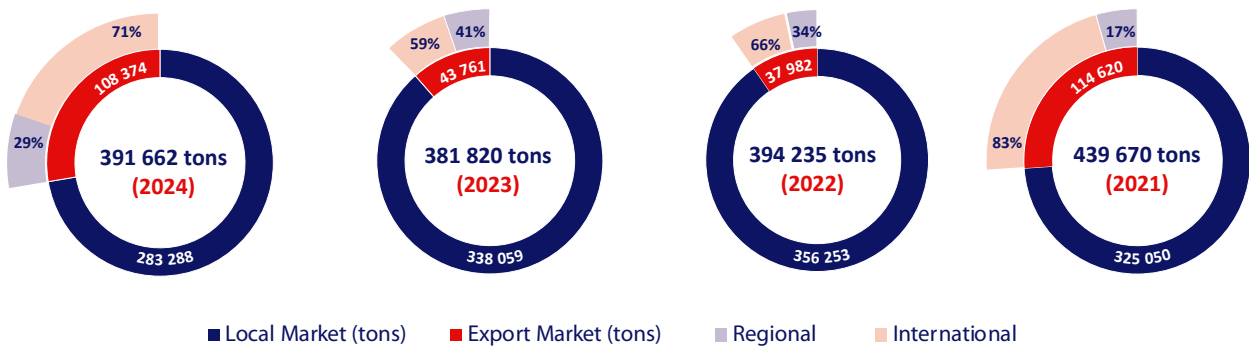
Contribution to total revenue

Sugar: 98%

Other: 2%



Industry Sugar Sales and Distribution



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About Our Integrated Report

This report encompasses the integrated financial and non-financial performance of Hippo Valley Estates (the Company) and its subsidiaries (collectively the Group) for the year ended 31 March 2024. It provides relevant comparisons to previous years and includes a concise review of how we have created, preserved, or eroded value over time. Additionally, the report aims to inform our stakeholders about the environment, economic, social, and governance performance of the Company.



Materiality

We determine the information to be included in this report by identifying the financial aspects that affect our value creation and our impact on environment and society.



Frameworks and guidelines

Hippo Valley Estates adheres to the following in compiling its integrated report:

- International Financial Reporting Standards (IFRS)
- International Accounting Standards (IAS)
- Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019
- Companies and Other Business Entities Act [Chapter 24:31]
- National Code of Corporate Governance in Zimbabwe.
- The Integrated Reporting Framework
- Global Reporting Initiative standards
- King IV Report on Corporate Governance

All references to a year refer to the Company's financial year which covers the period 01 April to 31 March.



Forward looking information

This report contains forward-looking statements reflecting the perspectives of Hippo Valley Estates Board and Management regarding the potential future performance and financial position of the Company. These statements are subject to uncertainties and are based on assumptions about events and circumstances that may or may not materialise in the future. We do not commit to updating the forward-looking statements outlined in this report.



Data and Assurance

Our annual financial statements were audited by Messrs Ernst & Young Chartered Accountants (Zimbabwe) in accordance with International Standards on Auditing ("ISA"). The independent auditor's report on the financial statements is contained on page 56-59.



Feedback

All our reports are available online on the Company's investor relations website at <https://www.tongaat.com/hippo-valley-estates/shareholder-information/>

We are dedicated to ongoing engagement with all stakeholders, striving for continual enhancement of our external integrated reporting with each passing year. For more information about this report or to provide feedback, please email our Company Secretary, Pauline Kadembo on Pauline.Kadembo@tongaat.com

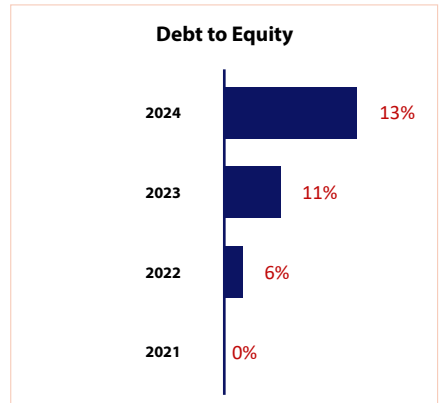
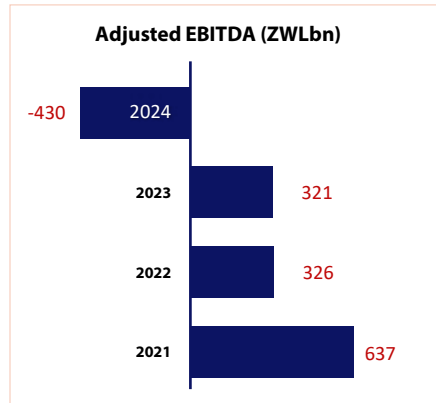
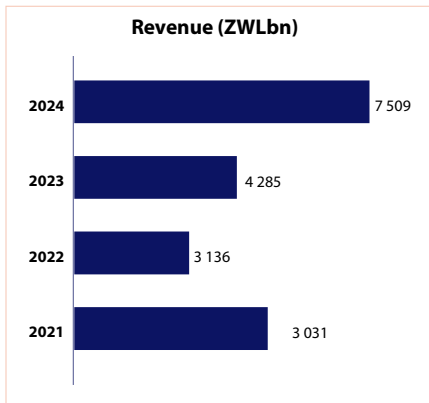
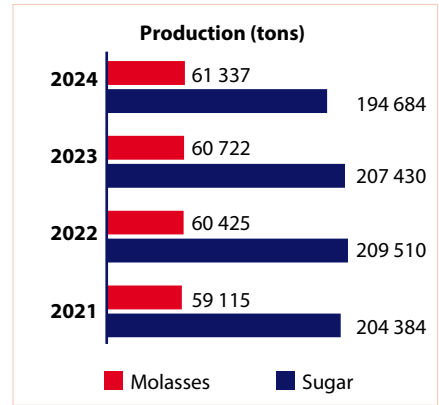
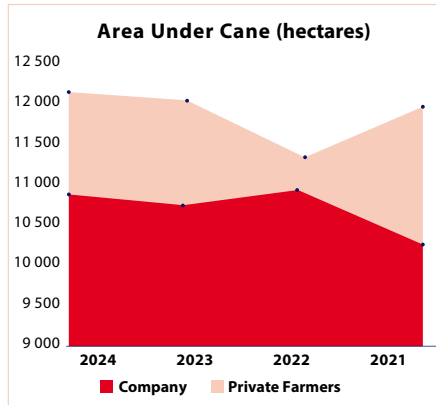
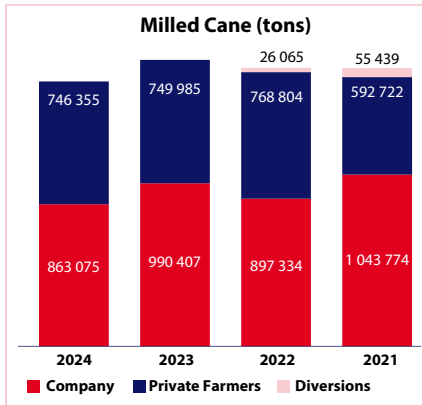


Understanding our business

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Our commitment is to emerge as the foremost and sustainable agricultural company, renowned for its outstanding sugar production and dedication to community development, while actively contributing to the advancement of Zimbabwe's agricultural sector.

Hippo Valley Estates At A Glance



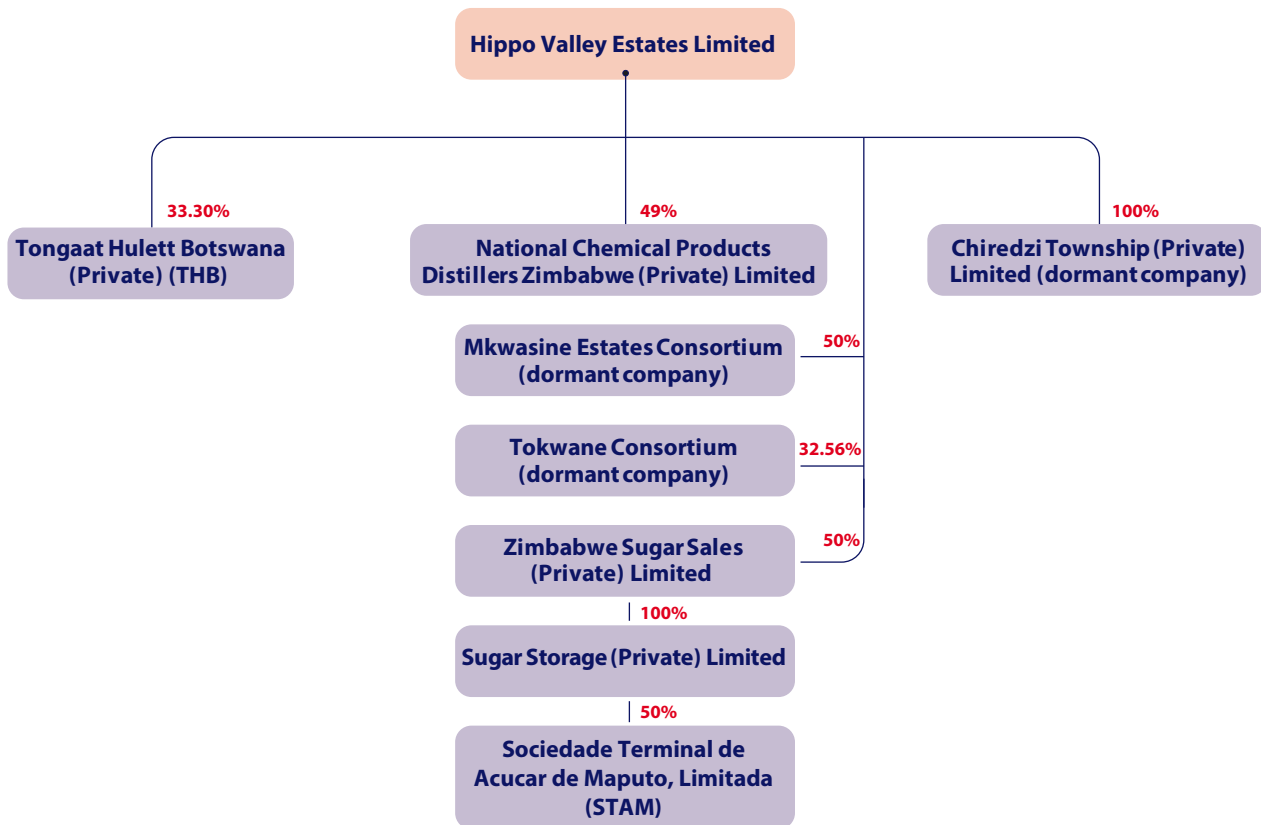
Debt is defined as long-term and short-term borrowings and lease liabilities
Equity includes all capital and reserves of the company that are managed as capital

5 511
Total employees

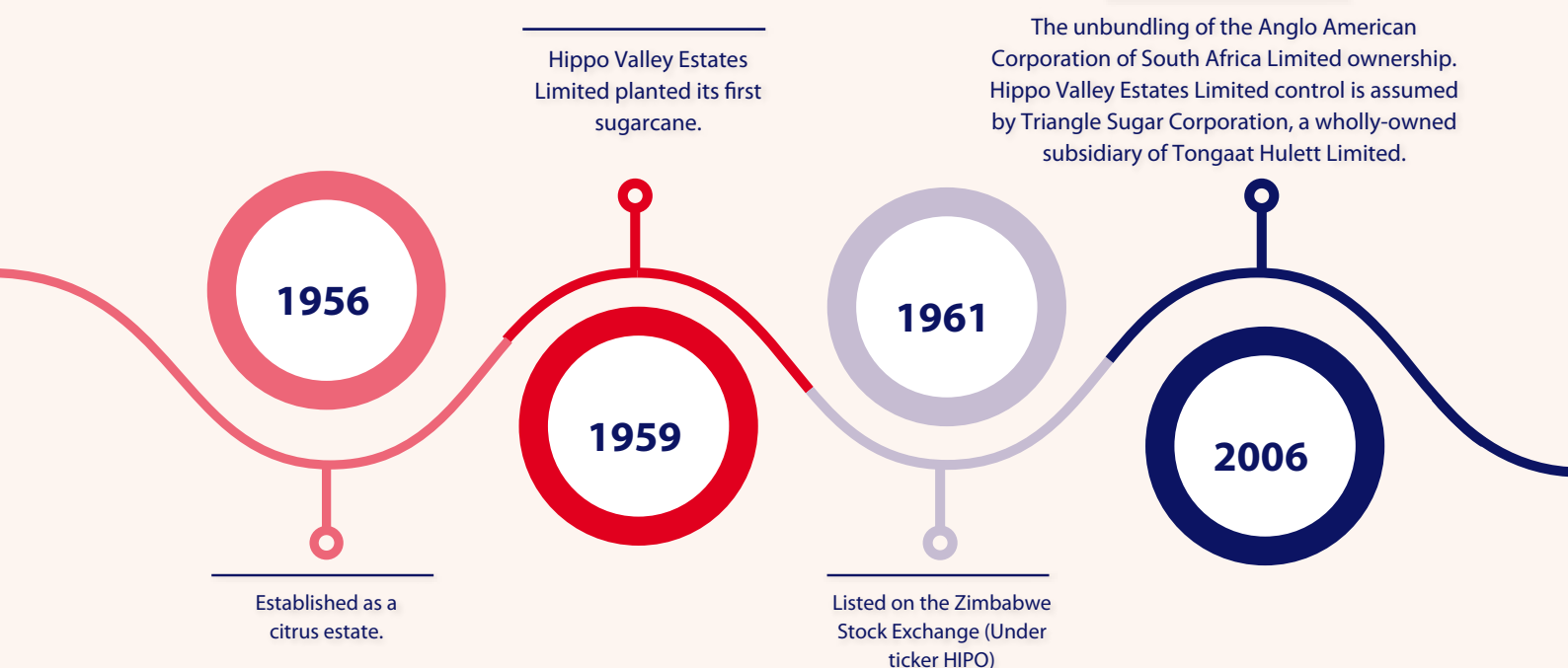
995
Female employees

4 516
Male employees

Company Structure



Our history



About Hippo Valley Estates Limited

Hippo Valley Estates Limited

Date Established
13 May 1956

Head office address

Hippo Valley Estates
1 Inyati Extension
Chiredzi

+263 231 231 5151/6

+263 779 559 966

Pauline.Kadembo@tongaat.com

Transfer Secretaries

First Transfer Secretaries (Private) Limited

1 Armagh Road
Eastlea, Harare

Independent Auditors

Ernst & Young Chartered Accountants (Zimbabwe)

Angwa City Cnr J Nyerere and Kwame Nkrumah Avenue
Harare

Bankers

Stanbic Bank Zimbabwe Limited

First Capital Bank Zimbabwe Limited

African Banking Corporation of Zimbabwe Limited (BancABC)

CBZ Bank Limited

Central Africa Building Society (CABS)

Legal Practitioners

Scanlen and Holderness

CABS Centre

74 Jason Moyo Avenue
Harare

Gill, Godlonton & Gerrans

Beverly Court

100 Nelson Mandela Avenue
Harare



Our Vision, Mission, Purpose and Values



Our Vision

To be the most trusted partner in all we do



Our Mission

Build our future by creating sustainable value for all stakeholders



Our Purpose

The primary purpose for our existence:

- Build capacity in our people and processes
- Drive efficiencies within our business
- Right size and fix the fundamentals of our business
- Create a platform for sustainable and profitable growth



Our Values

Our values embody the core beliefs and ideals that underpin our actions and decisions:

- We succeed through excellence and innovation
- We grow and win in teams
- We take accountability
- Integrity and ethics guide our way
- We care and we do our best
- Safely home every day

Overview of Our Business

Our Business Operations

Agriculture



Overview

With over 12,000 hectares of land, coupled with favourable topography, soil quality, climate conditions, and efficient conveyance systems for irrigation, sugar cane farming assumes a pivotal role at Hippo Valley Estates serving as the primary source of the essential raw materials required for our sugar milling operations.

Water

- Sugar cane is a perennial crop, requiring consistent access to water for year-round cultivation. However, challenges arise, particularly during drought conditions.
- Rainfall season typically spans from mid-November to the end of March.
- We rely on a network of dams, with major systems being Tugwi-Mukosi and Lake Mutirikwi. Other smaller dams include Mteri, Bangala and Muzhwi.
- We are experiencing illegal water abstractions by third parties without water rights from the Company's canal systems and actively engaging in ongoing discussions with land developers to address this.
- Reliability on electricity poses a concern, as power outages impact our irrigation capacity.

Planting and maintenance

- Sugar cane planted constitute cane roots which have a productive life currently estimated at 7 ratoon cycles.
- Standing cane represent growing crops to be harvested at an average age of 12 months.
- The maintenance of both cane roots and standing cane is dependent on the availability of water, agrochemicals and appropriate crop husbandry practices.
- Yield performances forms one of the major determinants of the need to replant certain fields.

Harvesting and haulage

- Activity is linked to the mill crushing season.
- Supported by deployment of seasonal employees.

Agriculture equipment

- The Company makes use of and maintains a huge fleet of yellow equipment for planting, harvesting and haulage.
- In certain instances, equipment can be outsourced through procurement tenders to compliment own equipment.

2024 Performance (compared to 2023)

- Sugarcane production: 1 609 430 tons ↓ 9%
- Company: 863 075 tons ↓ 15%
- Private farmers: 746 355 tons ↑ 1%

Outlook

- Improved water conveyancing system - drip and centre-pivot irrigation
- Implementation of mechanised harvesting and precision farming
- Use of drones for fertilisation, application of herbicides and pesticides, and mapping
- Total cane production is expected to be above 1.6m tonnes in FY25
- Pursue solar solution as an alternative power source

Manufacturing



Overview

The Company receives sugar cane from third party out-growers (private farmers) and from own plantations (Miller-cum-planter) for crushing to produce the final product sugar and by-products which include molasses and bagasse. The sugar cane milling process is crucial, involving the extraction of juice from the cane, purification, crystallisation, and drying to produce sugar.

Cane milling

- Sugar extraction typically occurs from April/May to December when sucrose concentration in the cane is highest.
- Sugar cane is transported to the Hippo Valley Estates mill via road, national rail or Company (own) light rail.

Power generation

- The operation is powered by electricity generated through use of bagasse, a by-product of the milling process and coal. Bagasse is carbon-neutral and minimally contributes to global warming.
- We additionally import from the national grid particularly during off-crop period (December to March) when our boilers are under annual maintenance with generators as alternatives.

Packing

- The Company packs sugar for the industry and the process adheres to required safety standards.

Annual maintenance

- The Company performs a critical off-crop (annual) maintenance programme between December and March.
- The maintenance programme ensures more plant reliability in the coming season with the mill optimally running with good crush rates and meeting production targets.

2024 Performance (compared to 2023)

- Sugar Production: 194 684 tons ↓ 6%
- Molasses Production: 61 337 tons ↓ 0.5%
- Cane to sugar ratio: 8.27% ↓ 1%

Overview of Our Business

Our Business Operations (continued)

Outlook

- Increasing power efficiency and utilisation
- Sugar production expected to be above 200 000 tons
- Molasses production expected to be above 61 000 tons
- Replacement and modernisation of assets such as diffuser chains, head shafts and turbines
- Expansion of the locally generated power distribution network to all agricultural areas or estates to mitigate electricity outages on the national grid
- Automation of sugar packaging process

Ancillary services



Overview

Through its strategic focus to promote positive employment relationship, Hippo Valley Estates offers additional employment benefits to its employees via its own established social and welfare facilities which include:

- (a) Private Hospital aimed at providing the necessary health services to all employees.
- (b) Clubs aimed at providing recreational facilities within the lowveld.
- (c) Schools aimed at ensuring employees' dependents have access to both primary and secondary education.
- (d) Housing aimed at ensuring employees are housed within the lowveld.

Game and other Farming Activities



Overview

Hippo Valley Estates manages a total of 14,158 hectares of land for wildlife conservation purposes. This land is utilised for the management of game reserves, safari experiences, and hunting activities.



- Wildlife conservation is through joint venture arrangements with Malilangwe Trust and Magnum Alley with a wide variety of wildlife including leopards, crocodiles, buffalos, impalas, giraffes, zebras and a large population of hippopotamus.
- The community is able to view game and, access fish in an orderly, legal and responsible manner through the Mteri dam, game parks and lodges.

Sales and Marketing



Overview

The Company's sales and marketing arm is housed as an industry commercial function under Zimbabwe Sugar Sales (Private) Limited (ZSS). ZSS assumes the responsibility to market, sale and distribute sugar locally and into the export markets, with proceeds distributed to the mills both Hippo Valley Estates and Triangle based on each company's production contribution.

Local Market

Sugar is sold to first satisfy the local market, under the local brand 'Sunsweet'. Other distributions are in the form of raw sugar which is sold to the refining companies.

Export Market

Critical export markets are serviced with both 'Sunsweet' for the regional market and raw sugar for the USA and European markets.

Pricing

Our pricing strategy focuses on issues around cost recovery, competitiveness and affordability of our product by the general populace locally, while aligned to the existing statutory policies.

Division of proceeds (DoP) with private farmers

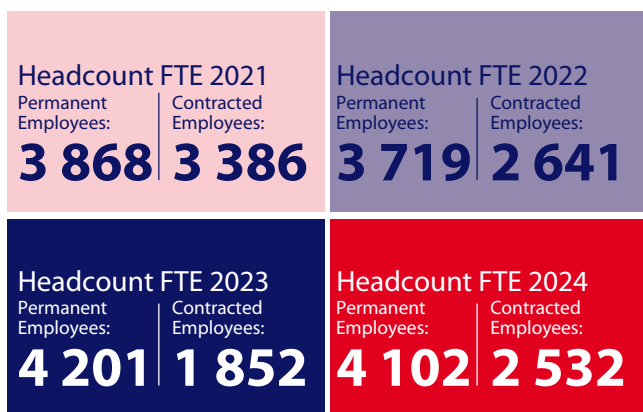
ZSS operates with the objective of aligning both the miller and private farmers expectations. While private farmer payments are settled through two different options of agreements namely, the Cane Milling Agreement (an agreement under which private farmers participate in the value chain) and the Cane Purchase Agreement, both have interest in the generation of revenue by ZSS which is also pivotal for private farmer settlements.

Areas of differentiation

What sets us apart

While competition remains fierce, our goal is not only to be recognised for our performances in sugar production but also for our unwavering dedication to fostering community and national development. Furthermore, we aim to conduct business in a sustainable manner for the benefit of a wider range of stakeholders who benefit from the Company's existence (namely, employees, suppliers, communities, government, and shareholders / lenders as the providers of capital).

1. As a **large private sector employer**, we distinguish ourselves through our significant impact on employment opportunities and economic growth. With a workforce spanning from diverse backgrounds and skills sets, we foster an inclusive and dynamic workplace culture that values talent, innovation and collaboration.



FTE (Full Time Equivalent)

2. **Exporter in the nation and significantly contributing to foreign currency inflows** with decades of experience in sugar cane cultivation and processing, we have honed our operations to consistently deliver high-quality sugar that meets the diverse needs of our global clientele. Through strategic market insights and responsive customer service, we have built strong enduring relationships with buyers worldwide, positioning us as a preferred supplier in the competitive sugar market.

Export sales (tons)

2021	2022	2023	2024
57 500	20 216	22 887	56 896

3. In an era where corporate responsibility and employee well-being are paramount, we stand proud of our commitment to supporting the holistic needs of our employees and their families. At the heart of this commitment are our onsite facilities, **dedicated schools for employees' children and a fully equipped hospital catering to the health needs of our workforce**. Through this initiative we strive to create a workplace environment where our employees feel valued and empowered.

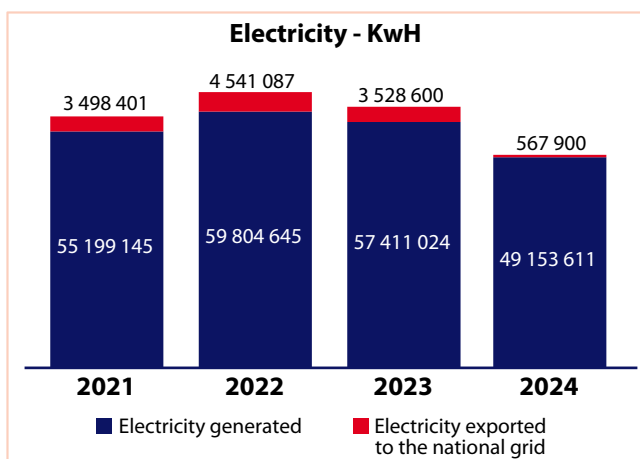
Refer to page 15 for more information on our initiatives and performance in the realm of Environment, Social and Governance (ESG).

4. We take pride through the development of a **leading household sugar brand** that resonates with consumers' preferences and expectations. Our commitment to delivering quality sugar products extends beyond industrial clients to the households of our local customers. By offering a trusted and recognizable household sugar brand, Hippo Valley Estates reinforces its position as a leading player in the sugar industry, fostering consumer loyalty and driving sustainable growth in both domestic and international markets.

5. We have a **steadfast commitment to sound governance practices**, which prioritise transparency, accountability, and ethical conduct. Led by a diverse board of directors, we uphold rigorous internal controls and risk management frameworks to safeguard stakeholder interests and ensure compliance with regulatory requirements. Through transparent communication channels and stakeholder engagement, we foster a culture of openness and responsiveness, promoting stakeholder confidence and long-term sustainability. Our dedication to sound governance principles sets us apart as a trusted and responsible corporate citizen, committed to creating enduring value for all stakeholders.

Refer to page 29-34 for more information about our governance

6. As the national grid heavily relies on coal-based thermal power plants resulting in a high carbon emission level, we endeavour to actively **contribute surplus electricity to the national grid** where feasible, thereby lessening the reliance on thermal power sources and advancing sustainability initiatives.



Refer to page 27 for more information on our initiatives and performance in the realm of ESG.

Stakeholders – their needs and expectations

Engagement with stakeholders on their expectations

Establishing and nurturing trusted relationships with our stakeholders is essential for fulfilling our mission of building our future by creating sustainable value for all stakeholders.

Stakeholders, with their diverse perspectives, interests, and influence, are vital in shaping the outcomes and success of a company or organisation, including value creation. Hippo Valley Estates recognises this and actively engages with stakeholders to foster mutually beneficial relationships and interventions that align with their expectations. These efforts facilitate transparent dialogues, knowledge sharing, and discussions on impact areas, ultimately fostering collaboration and understanding to enhance overall value creation.

The Company with the guidance of the Stakeholder Engagement Committee uses the following criteria to identify our key stakeholders:

- (i) Influence each stakeholder has on the Company's outcome
- (ii) Interest each stakeholder has in the Company
- (iii) Extent to which the Company depends on the stakeholder
- (iv) Potential impact each stakeholder has on the Company

Understanding and effectively managing the influence of each stakeholder of the Company is critical for achieving sustainable growth, mitigating risks, and creating long-term value for all stakeholders involved. Management continuously evaluates the strength of these relationships to ensure it comprehensively understands, considers, and addresses the legitimate needs and interests of its stakeholders.

An internal rating scale is utilised by management for rating stakeholder relationships as follows:

- Excelling
- Performing
- Falling short

Six capitals

Key:

- F= Finance
- SR= Social and relationship
- M= Manufactured
- H = Human
- N = Natural
- I = Intellectual

STAKEHOLDER ENGAGEMENT

Hippo Valley Estates implemented a strategy of proactive stakeholder engagement to promote mutual interests and execute interventions that improve alignment with value-adding relationships. Through clear and transparent communication, Hippo Valley Estates establishes trust, manages risks, and enhances decision-making, thus cultivating mutually beneficial relationships and ensuring the alignment of interests among stakeholders.

Categorisation of stakeholders

The Company categorises its stakeholders as individuals or groups whom it interacts with and who have a direct or potential impact on its operations.

Internal Stakeholders

Employees
Management
Shareholders

External Stakeholders

Government
Regulators
Communities
Suppliers
Customers
Private Farmers
Media
Bankers

Stakeholders – their needs and expectations *(continued)*

Our stakeholder engagement was as follows:

Stakeholder	Expectations and issues raised	Mitigation measures	Engagement method	Frequency of Engagement	Capitals impacted
<p>Shareholders and Potential investors- Our relationship with shareholders is strengthened through various means, including enhancing financial performance and providing attractive dividend payments.</p> <p>Rating: </p>	<ul style="list-style-type: none"> • Direction and profitability of the Company • Share price appreciation and attractive dividend stream • Capable and seasoned leadership 	<ul style="list-style-type: none"> • Frequent business updates. • Aligning business strategy and sustainability through robust performance and risk management systems. 	<ul style="list-style-type: none"> • Meetings • Letters • Strategy sessions 	<ul style="list-style-type: none"> • Quarterly • Ad hoc • Annual 	<ul style="list-style-type: none"> • F, SR
<p>Employees- Employees contribute their talent and skills to ensure the efficient and sustainable operation of the business. Engagement occurs at all levels, including with contractors, and can take various forms, both formal and informal.</p> <p>Rating: </p>	<ul style="list-style-type: none"> • Employee retention • Equitable compensation including bonuses, efficient performance evaluation, acknowledgement of achievement. • Career development and advancement opportunities. • Embracing diversity 	<ul style="list-style-type: none"> • Reviewing and enhancing employee compensation, benefits, and work-life balance policies to ensure competitiveness and employee satisfaction. • Ensuring safety management systems are aligned with global best practices. 	<ul style="list-style-type: none"> • Newsletters • Townhall meetings • Employee experience surveys • Performance and development reviews • Emails 	<ul style="list-style-type: none"> • Bi-monthly • Annual and Ad hoc • Bi-annual • Bi-annual • Continuous 	<ul style="list-style-type: none"> • H, SR
<p>Farmers – Farmers are fundamental to our business, as they are the backbone of our operations. Cultivating strong relationships with farmers is essential, and during our financial year, we prioritised fostering collaborative and supportive partnerships with them. Our commitment to listening to their needs and providing assistance informs the quality of these relationships, ensuring mutual success.</p> <p>Rating: </p>	<ul style="list-style-type: none"> • Regular communication • Timeous payments. • Technical assistance and training • Fair division of proceeds 	<ul style="list-style-type: none"> • Utilise the Mills update platform to enhance communication with farmers. • Review and streamline the payment processes to minimise delays. • Farmer awards for yields and quality following assistance provided. 	<ul style="list-style-type: none"> • Meetings • Help desk. • WhatsApp • Letters • Farmer survey report 	<ul style="list-style-type: none"> • Continuous • Continuous • Continuous • Continuous • Annual 	<ul style="list-style-type: none"> • N, SR

Stakeholders – their needs and expectations *(continued)*

Our stakeholder engagement was as follows:

Stakeholder	Expectations and issues raised	Mitigation measures	Engagement method	Frequency of Engagement	Capitals impacted
Customers Maintaining a win-win with customers Rating: 	<ul style="list-style-type: none"> • Product availability • Product quality • Fair pricing • Continued engagement 	<ul style="list-style-type: none"> • Comprehensive maintenance of mills • Costs maintenance 	<ul style="list-style-type: none"> • Emails • Phone calls • Letters • Customer visits 	<ul style="list-style-type: none"> • Continuous • Continuous • Continuous • Continuous 	<ul style="list-style-type: none"> • SR
Suppliers Maintaining win win position with suppliers is key to ensure sustainability Rating: 	<ul style="list-style-type: none"> • Timeous payments. 	<ul style="list-style-type: none"> • Structured payments • Advanced notice regarding payment delays. 	<ul style="list-style-type: none"> • Emails • Letters • Phone calls • Supplier visits 	<ul style="list-style-type: none"> • Continuous • Continuous • Continuous • Annual 	<ul style="list-style-type: none"> • SR
Government and Regulators In navigating the dynamic regulatory landscape, fostering a strong relationship with the government is crucial. We are committed to aligning with evolving regulatory requirements and taking necessary remedial actions, including addressing potential fines. Rating: 	<ul style="list-style-type: none"> • Contribution to economic development • Compliance with laws and regulations • Transparency and accountability 	<ul style="list-style-type: none"> • Profitability and functionality of Company. 	<ul style="list-style-type: none"> • Meetings • Letters • Strategy sessions 	<ul style="list-style-type: none"> • Quarterly • Ad hoc • Annual 	<ul style="list-style-type: none"> • SR, F, I
Communities Supporting the communities around the Estate remains a key objective. Rating: 	<ul style="list-style-type: none"> • Continued support to the communities surrounding operations e.g. financial support. 	<ul style="list-style-type: none"> • Structured material and financial support to communities. 	<ul style="list-style-type: none"> • Emails • Letters • Phone calls 	<ul style="list-style-type: none"> • Continuous • Continuous • Continuous 	<ul style="list-style-type: none"> • SR
Media This stakeholder is necessary to keep all stakeholders informed on matters pertaining to the company. Rating: 	<ul style="list-style-type: none"> • Timeous and complete responses to media inquiries. 	<ul style="list-style-type: none"> • Train spokespersons to handle inquiries effectively. • Regularly review and update response strategies. 	<ul style="list-style-type: none"> • Press statements • Conferences • Telephone calls • Letters and email 	<ul style="list-style-type: none"> • Continuous • Annual • Continuous • Continuous 	<ul style="list-style-type: none"> • SR

Facilitating value creation through good sustainability practices

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Climate change	28

Hippo Valley Estates' sustainability reporting is aligned to the Zimbabwe Stock Exchange Practice Note 16 - Sustainability Information and Disclosures and the International Integrated Reporting Framework. The Company's sustainable practices are demonstrated through the Six Capitals to disclose our impacts on and interdependencies with capitals.

Six Capitals

OUR APPROACH TO SUSTAINABILITY

As Hippo Valley Estates, we take responsibility for how we manage the land we own, lease, and/or cultivate in partnership with small holder cane-growers in an economically, environmentally, and socially sustainable way. Our farming and processing practices have direct and indirect impacts on ecosystems, natural landscapes, and biodiversity. Our local communities also rely on the same ecosystems for the provision of water, food production, and employment opportunities.

While the business seeks to optimise yields and productivity, we do so in a responsible manner that sustains biodiversity and ecosystem. Our overall sustainability strategy is largely aligned with efforts made on the global front for addressing environmental, social, and governance issues. Our approach recognises the fact that our farming and processing operations require sustainable stewardship of energy inputs, land, air, and freshwater ecosystems. This responsibility is not just bestowed on us but also on our third-party supplying farmers. Our engagements with parties along the whole value chain are at the centre of our approach.

Responsible Business Practices

The Company has a strong commitment to promoting the highest ethical standards among employees. All employees are required to maintain the utmost ethical behaviour and company' values. Hippo Valley Estates has a comprehensive ethics management program that promote upholding the highest standards of conduct. This program includes a confidential whistle-blowing service that allows employees to report any suspected ethical violations or misconduct.

Additionally, there are well-defined processes for employees to report issues of non-compliance with the Company's ethical policies and procedures. The ethics management programme also features mechanisms for identifying, disclosing, and managing potential conflicts of interest that could arise among employees or within business relationships. These procedures are designed to maintain transparency and ensure decisions are made objectively and in the best interests of the Company. Further, the programme incorporates rigorous internal audit reviews that analyse emerging trends, investigate root causes, and assess the financial implications of any ethics breaches that occur. These audits provide valuable insights for continuous improvements and upholding ethical behaviour.

SPEAK UP

- WE TAKE ACCOUNTABILITY
- WE GROW & WIN IN TEAMS

INTEGRITY

- INTEGRITY & ETHICS GUIDE OUR WAY

RESPECT

- WE CARE & DO OUR BEST
- SAFELY HOME EVERY DAY

RESPONSIBILITY

- WE SUCCEED THROUGH EXCELLENCE & INNOVATION

tongaathulett@whistleblowing.co.za | www.whistleblowing.co.za

WHATSAPP CHATBOT +27 31 308 4664

WHISTLE BLOWERS **PRIVATE & CONFIDENTIAL**

024 27 999 46

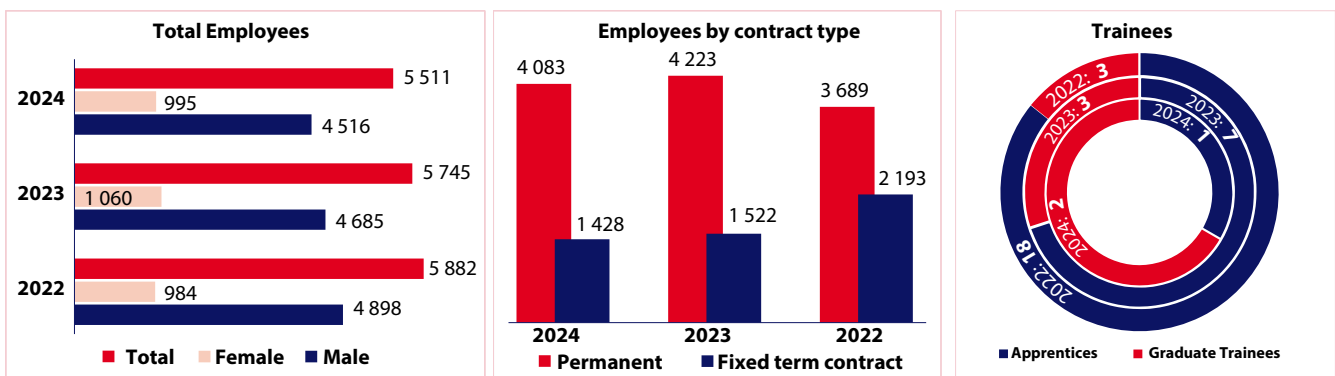
SUSTAINABILITY IN OUR PRODUCTION AND OPERATIONS – SIX CAPITALS

Hippo Valley Estates relies on key inputs such as land, a skilled workforce, machinery and financial resources to sustain its operations in the sugar industry. The Company leverages its land holdings for sugar cane cultivation, supported by favourable topography, soil conditions, and irrigation infrastructure. With a skilled and diverse workforce, Hippo Valley Estates ensures efficient operations from cultivation to milling. Investment in machinery enhance productivity and quality, while financial resources facilitate growth and competitiveness in the agricultural sector.



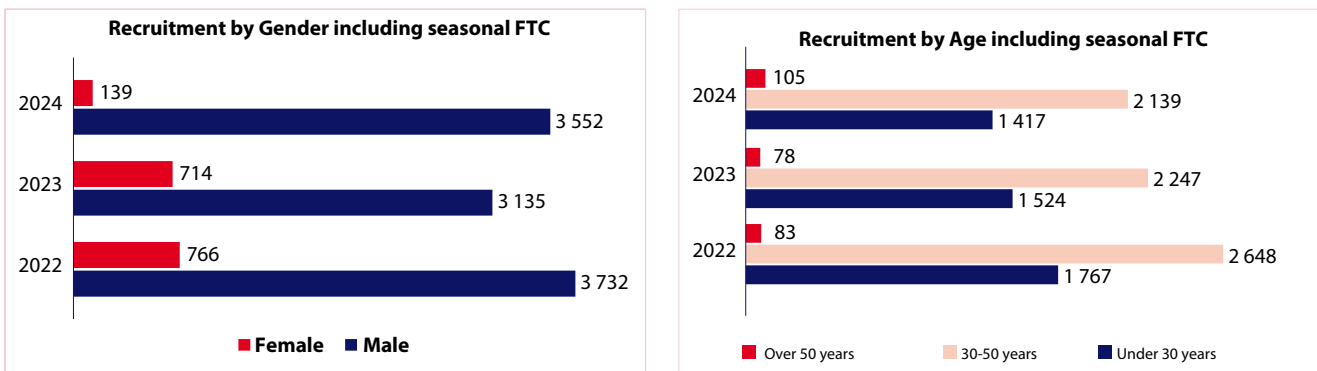
HUMAN CAPITAL

As Hippo Valley Estates, our employees are the cornerstone that sustains our operations and drives our long-term success. We are deeply committed to cultivating a work environment and culture that prioritises and supports the well-being and growth of employees. We strive to promote diversity, equality and inclusion. Our commitment is to maintain high employee satisfaction and loyalty.



Diversity

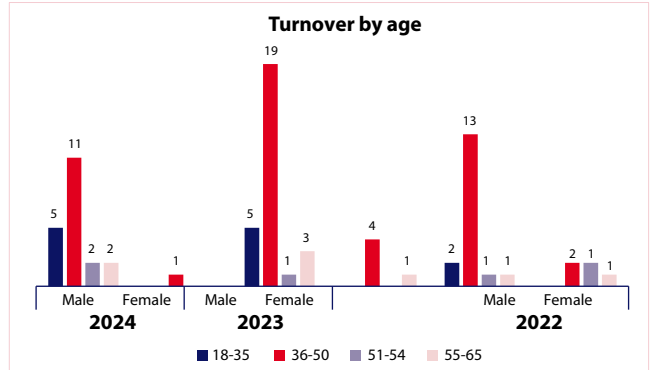
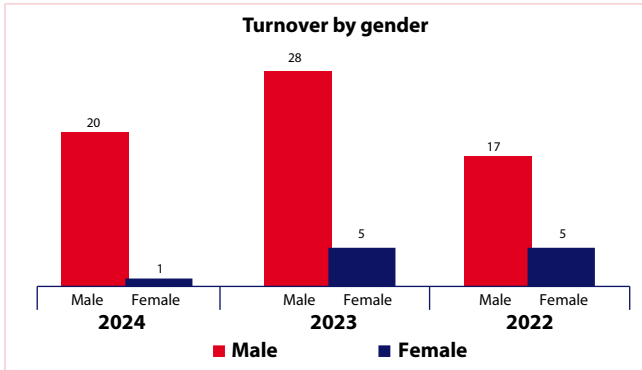
As Hippo Valley Estates, we prioritise our employment practices to ensure that we recruit suitable and qualified candidates for any vacant positions. Our goal is to align the recruitment, selection, and appointment of competent individuals with our company's vision, mission, values, and business objectives. We apply non-discriminatory practices throughout the entire process in accordance with relevant labour legislation. The Company aims to meet stakeholder expectations by implementing inclusive diversity strategies to drive business transformation. Additionally, Hippo Valley Estates is committed to reducing the unemployment rate by providing employment opportunities. Our policies guiding our employment practices include the Talent Management Policy, Code of Conduct, and Grievance Handling Procedure, while our commitments are reflected in our manpower budgeting. Our goals and targets include achieving a diversity target of 22% female employees and maintaining an employee turnover rate of 39 headcount per year.



Seasonal FTC refers to fixed term contract employees, who are recruited seasonally and are mainly employed in Agriculture and for Sugar Packing.

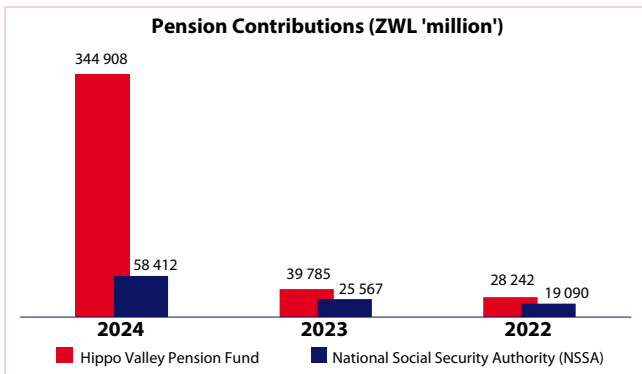
Six Capitals *(continued)*

HUMAN CAPITAL *(Continued)*



Welfare

The Company has a defined contribution pension scheme to cater for the employees’ welfare after retirement.



Occupational Health and Safety (OHS)

Hippo Valley Estates prioritises the safety, health, and environment of our employees, as such we employed Safety, Health and Environment Practitioners who oversee our processes to ensure compliance and best practices. Our procedures, work instructions, and work methods undergo regular review to incorporate the results of Hazard Identification and Risk Assessment (HIRA) when necessary. Additionally, we have policies that empower employees to remove themselves from work situations that may pose a risk of injury, promoting a safety-conscious work environment.

Hazard Identification Risk Assessment (HIRA)

We implemented a robust Hazard Identification and Risk Assessment (HIRA) program to proactively identify and mitigate potential risks across our operations. Additionally, our comprehensive incident investigation protocol ensures we thoroughly examine any issues that do occur, enabling us to implement corrective actions and prevent future incidents.

Below are the processes for identifying work related hazards:

ROUTINE PROCESSES

Baseline Risk Assessment in place for each department, highlighting hazards and risks associated with each and how they are managed. Employees are trained and they conduct pre-task risk assessment before carrying out any routine task.

NON- ROUTINE PROCESSES

Issue based risk assessment conducted for control measures identified and implemented before task is done.

Six Capitals *(continued)*

HUMAN CAPITAL *(Continued)*

We implemented a comprehensive Safety, Health, and Environment (SHE) policy that incorporates HIRA results to continually improve health and safety management. The policy includes a stop work authority, enabling workers to halt operations in the presence of immediate hazards. Employees are encouraged to report work-related hazards to their line management, and an anonymous reporting system, known as the Behaviour-Based System (BBS), is in place for those who prefer to report anonymously. This "No-Name No-Blame" culture fosters a proactive approach to addressing hazards promptly and ensures a safe work environment for all employees.

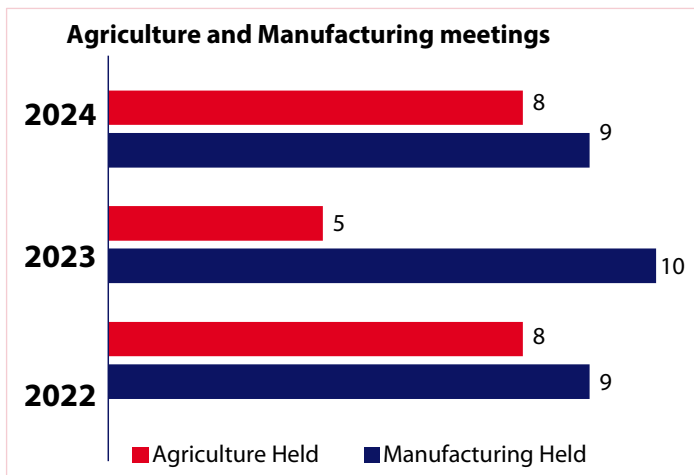
Safety Training

Employee training on safety is a priority for Hippo Valley Estates, covering a wide range of areas to ensure a safe and prepared work environment. Pre-season induction is conducted to familiarise employees with safety protocols. Fire and emergency preparedness training equips employees with the necessary knowledge and skills to respond effectively in such situations. Defensive driver course training enhances safe driving practices. First aiders are trained to provide immediate medical assistance, while snake handling training addresses specific hazards.

On-the-job trainings are conducted to educate employees on various work instructions, and training needs are identified through risk assessments, incidents investigations, observations, audits, and inspections. Hazard-based trainings such as defensive driving and lifting equipment handling are provided, and certificate expiry prompts the management to arrange for training, such as first aid, to maintain compliance. The Company ensures that reporting employees can raise concerns anonymously, allowing management to address hazards while maintaining confidentiality.

Safety, Health, and Environment Committee Meetings

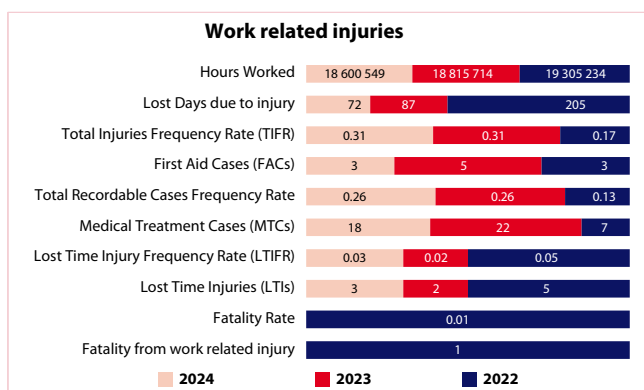
The following meetings were held in FY24:



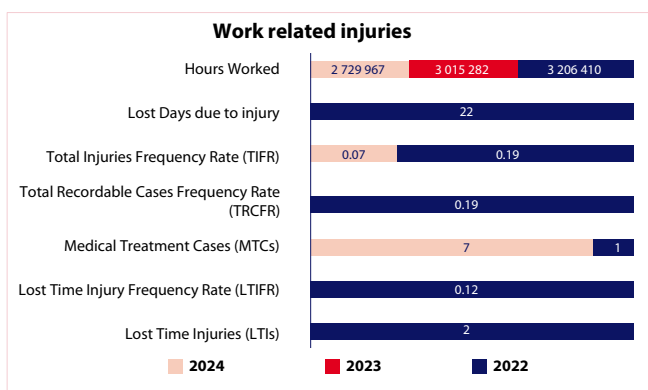
Work-related Injuries

The most common type of injury was to the soft tissues. Below are injuries for the reporting period.

Hippo Valley Estate Employees



Third Party Employees



Fortunately, there were no fatal incidents recorded during the year.

Six Capitals *(continued)*



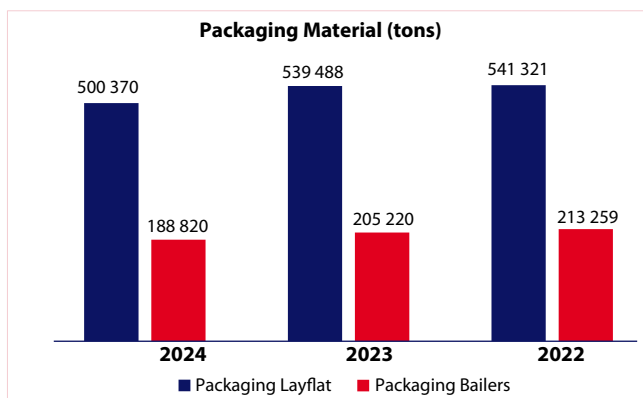
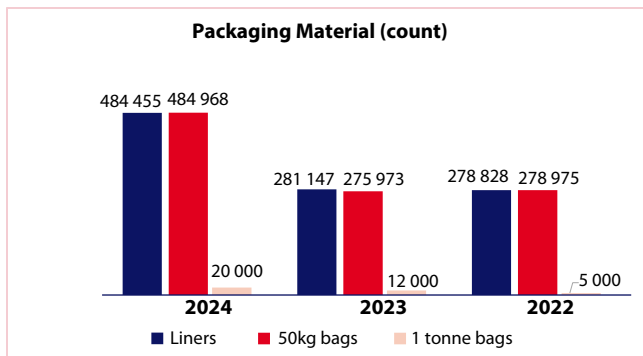
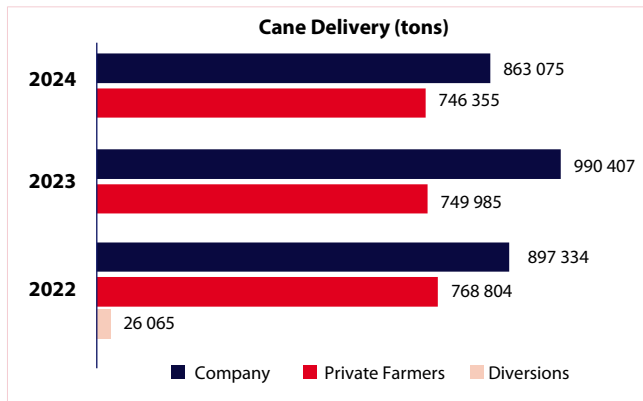
NATURAL CAPITAL

Raw Materials

Raw materials such as sugar cane are crucial to produce our primary product which is sugar. As such, the more sugarcane we use, the more sugar we produce, which has a direct correlation to our revenue and waste generated. Our production value chain rely on packaging materials to deliver the final sugar product to consumers. The packaging protects the sugar and enables it to be transported and sold safely. The Company ensures that procurement, storage, and disposal of packaging materials is done in a responsible manner with minimum negative environmental impacts.

To manage these material-related impacts, Hippo Valley Estates implemented daily reporting and monitoring of cane crushing and general production. This allows tracking material usage and production in real-time. We invested in research and development to improve sugarcane varieties, cane transportation, and plant maintenance to optimise efficiency.

Our raw materials were as follows:



NATURAL CAPITAL *(Continued)*

Energy

Energy is critical for Hippo Valley Estates, directly impacting our productivity and environmental footprint. The electrical department monitors electrical energy usage and installs energy-efficient appliances to minimise our impact on the environment. Additionally, our stores department ensures responsible management of fuels, and our transport team repairs vehicles to optimise their efficiency.

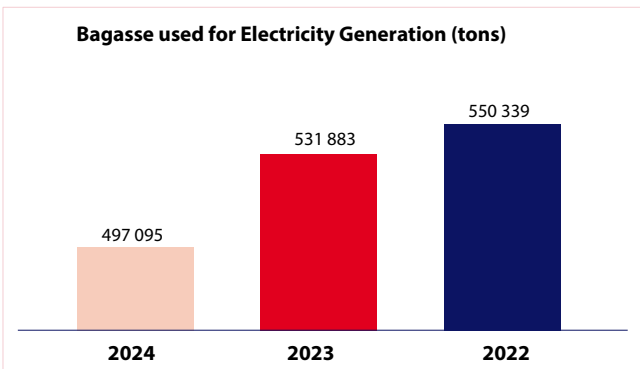


However, we acknowledge that our reliance on non-renewable fuels contribute to greenhouse gas emissions, climate change, and global warming. Therefore, we are committed to climate change mitigation. Our policies, include Social, Health and Environment (SHE) Policy, and Climate Change Policy which guides our efforts in managing our carbon footprint. We invested in monitoring energy utilisation and cleaner energy sources.

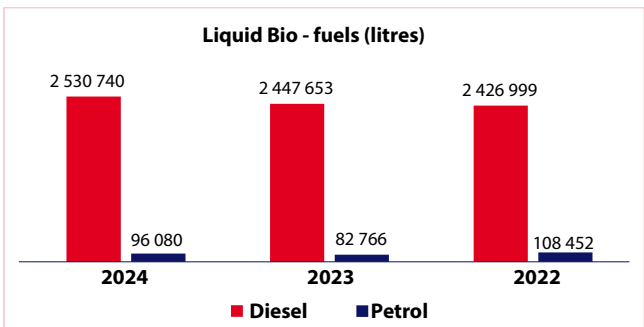
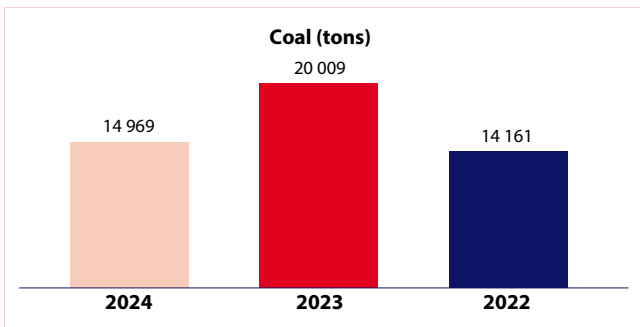
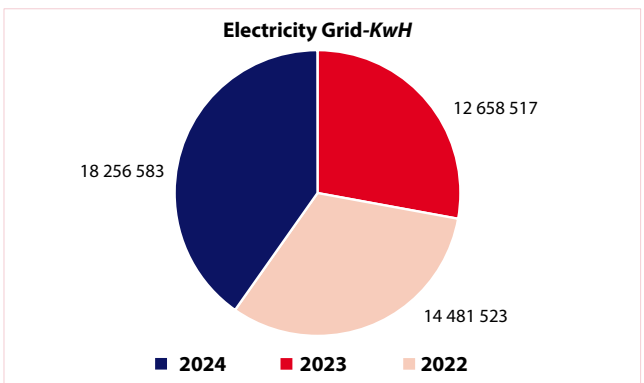
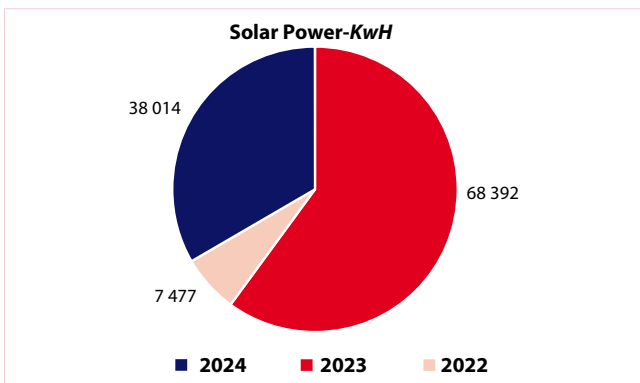
In our sugar production process, bagasse availability directly affects electricity production. As production increases, so does bagasse availability, leading to more electricity generation. Conversely, lower production volumes result in less energy generated. While our electricity purchases from the grid have been decreasing due to limited supply, we remain committed to efficient production.

Energy Consumption inside the Company

As a commitment to sustainable business practices, the Company generates electricity from bagasse a by-product from sugar production. Below is the data on electricity generated and consumed:



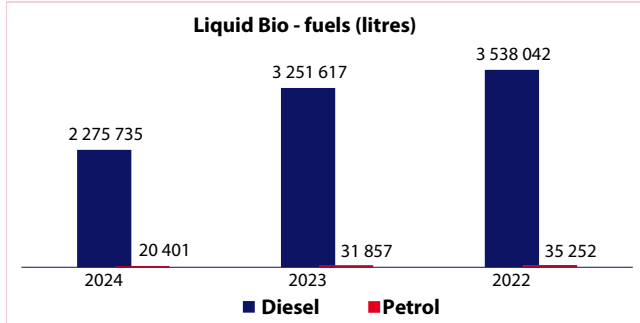
Other energy sources used within the Company are below:



Six Capitals *(continued)*

Energy Consumption outside the Company

Energy consumed outside the Company is the energy used in the distribution of the products outside Hippo Valley Estates. Our consumption was as follows:



Petrol and diesel usage decreased due to reduction in the FY2024 sugar sales volume to 194 949 tons (2023: 226 466).

Water and Waste Management

As a major agricultural producer, we rely heavily on irrigation, making efficient water usage a critical priority for our sustained operations. To address this, we implemented a structured approach to water management. On the positive side, this approach allows us to monitor our water abstraction in coordination with the Irrigation Department and the Zimbabwe National Water Authority (ZINWA). This regulatory oversight helps ensure our responsible utilisation of the shared water resource. However, managing water usage also presents challenges, as we must balance production needs with environmental considerations and the interests of other local stakeholders who depend on the sources of water.



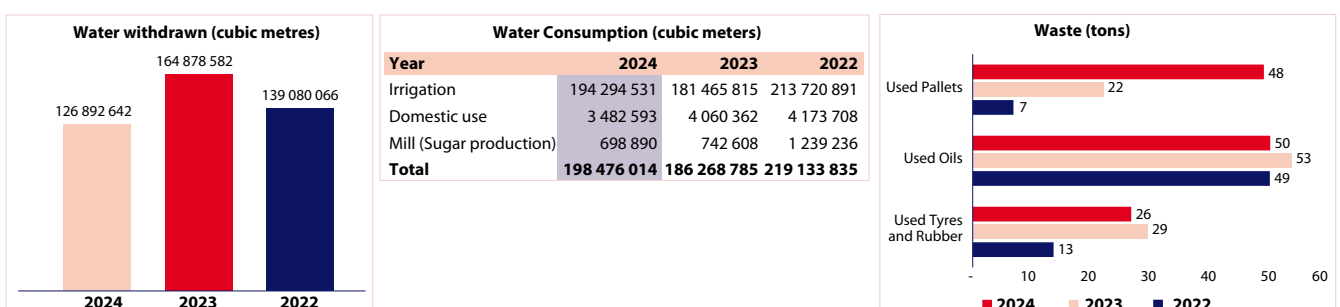
We take proactive measures to promote water conservation within our own operations. Regular training programs educate our irrigators on best practices for efficient water use. We regularly maintain our irrigation infrastructure, repairing canals to minimise losses through leakage. These efforts complement the broader regulatory framework, demonstrating our commitment to sustainable water stewardship.

Underpinning our practical water management initiatives are supportive policies and systems. We implemented a Sustainable Sugar Production Policy that incorporates efficient water use practices. We withdraw our water from Tugwi-Mukosi and Mutirikwi dams and we target to utilise 16 mega litres for every hectare of cane. However, this target is not being achieved due to increased water abstractions upstream of Hippo Valley Estates.

Waste management is critical for Hippo Valley Estate's operations, directly impacting the environment and public health. The Company is committed to minimising waste generation, maximising recycling, reuse, and ensuring responsible disposal of non-recyclable materials. To achieve this, Hippo Valley Estates implemented a comprehensive waste management approach that encompasses waste reduction, segregation, recycling, and disposal.

We conduct regular waste reduction training for employees, promoting waste minimisation practices. Color-coded bins are provided for waste segregation at source, enabling the separation of recyclables, organic waste, and hazardous materials. Recyclable waste is sold to registered recyclers, diverting it from landfills and promoting a circular economy. Non-recyclable waste is disposed of at licensed waste disposal sites, ensuring compliance with local and national regulations. This practice minimises the risk of leachate contamination of groundwater and protects public health.

Our water and waste management for the reporting period was as follows:



Six Capitals *(continued)*



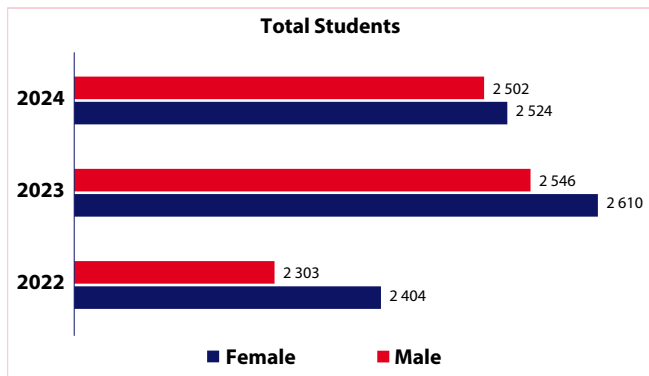
SOCIAL AND RELATIONSHIP CAPITAL

Corporate Social Responsibility

As Hippo Valley Estates, corporate social responsibility (CSR) is a strategic priority and corporate citizenship value. Our comprehensive CSR approach is centred on environmental sustainability, social impact, and ethical governance. By consistently delivering on these core commitments, we strive to create value for our stakeholders while positively contributing to the communities around us. The Company's inflation adjusted expenditure on CSR amounted to ZWL 22 billion for the reporting period and was focused in the areas of education, health, water and sanitation.

Education

In commitment towards providing education access for all, SDG 4 Quality Education, the Company has built 9 primary schools and one secondary school in Hippo Valley Estates. The schools mostly cater to the children of employees and surrounding communities. In January 2024, Hippo Valley Estates Primary School introduced an Early Childhood Development (ECD) class as per Ministry requirement. Below is the attendance for all the schools:



Health and Well being

Hippo Valley Estates Medical Centre provides all health and medical services for its employees and their families. The facility has 60 beds and an employee complement of 174 including 33 permanent nurses and 5 resident doctors. Our hospital attendance for FY24 was as follows:



Hospital Attendance (Count)			
Year	2024	2023	2022
Employees	34 698	36 657	28 065
Employee Dependents	14 856	17 664	14 213
Other Attendees	10 504	11 236	6 127
Total	60 058	65 557	48 405

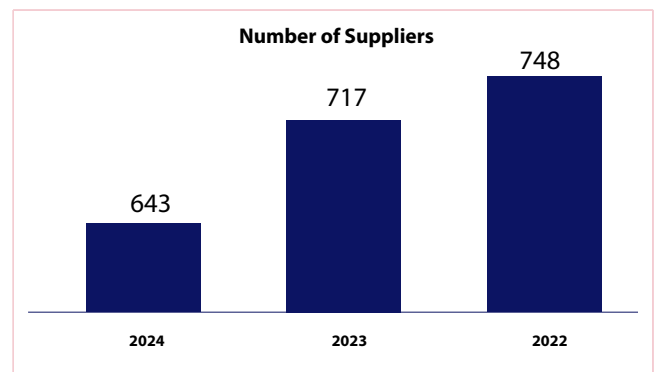
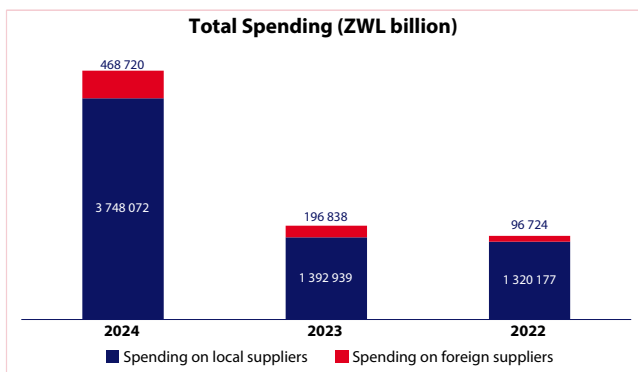


Six Capitals *(continued)*

Relationship with suppliers

Hippo Valley Estates recognises the importance of effective procurement management to address the expectations and interests of its diverse stakeholders. The Company implemented a comprehensive approach that includes fair procurement practices, such as obtaining a minimum of three quotations to promote competition and ensure best value. We established a clear authorisation level, with internal approvals for procurement up to ZWL2 billion and a formal tendering process for amounts exceeding that threshold. For larger contracts, the Company follows a transparent tender procedure involving requests for proposals, evaluation, and selection of the best-qualified supplier. Underpinning these practices, Hippo Valley Estates has a procurement and tender policy which provides a framework for consistency, accountability, and compliance. Through this approach, the Company demonstrates its commitment to meeting stakeholder needs while supporting its overall business objectives.

Our procurement for the reporting period were as follows:

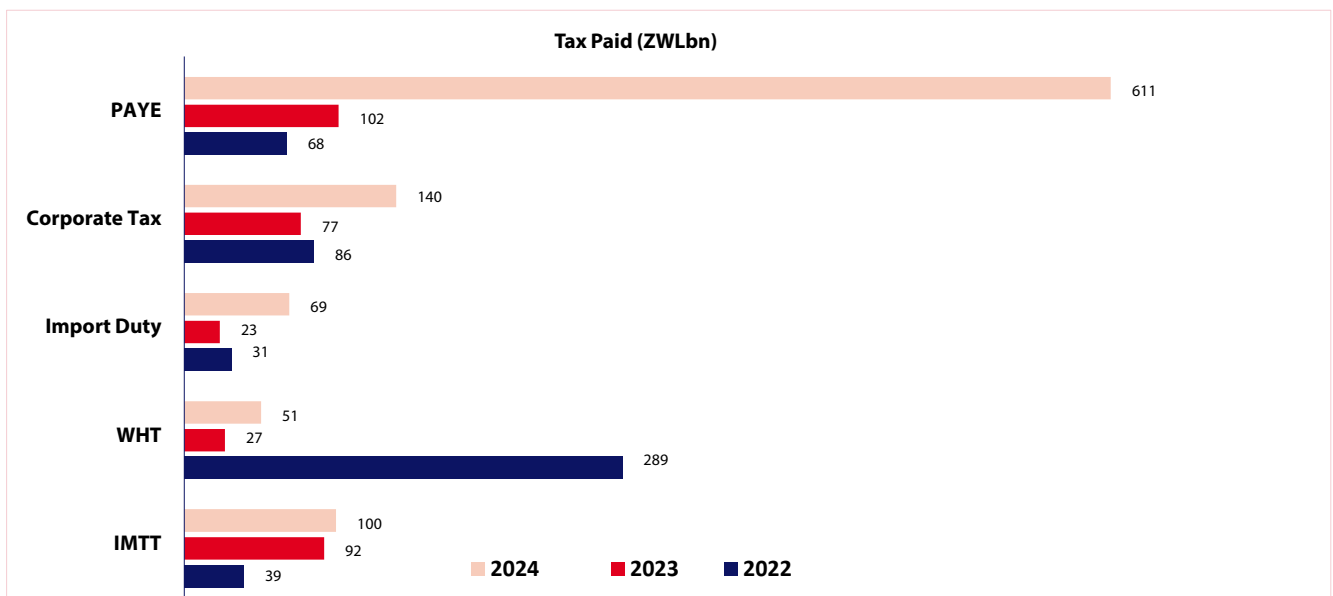


Payments to Government

Paying taxes is a crucial contribution to a country's socio-economic development, as it provides the government with the necessary finances to fund various initiatives. We have a dedicated Tax Manager responsible for overseeing our tax-related matters. The Company maintains a regular dialogue with tax authorities, engaging in routine meetings and consultations as needed. Hippo Valley Estates is committed to fulfilling its tax obligations, contributing to various business-related tax heads. The Company's goal is to achieve 100% compliance with all its tax obligations.

Tax payments:

Our tax payments for the reporting period were as follows:



Six Capitals *(continued)*



INTELLECTUAL CAPITAL

Our brand, reputation, research and development capabilities, knowledge, expertise, and strategic partnerships play a vital role in driving the growth of our business.

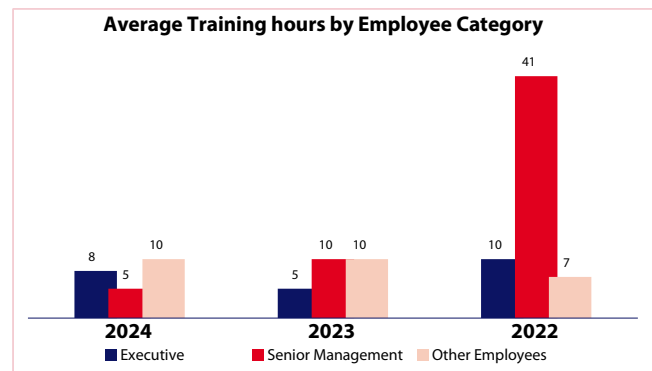
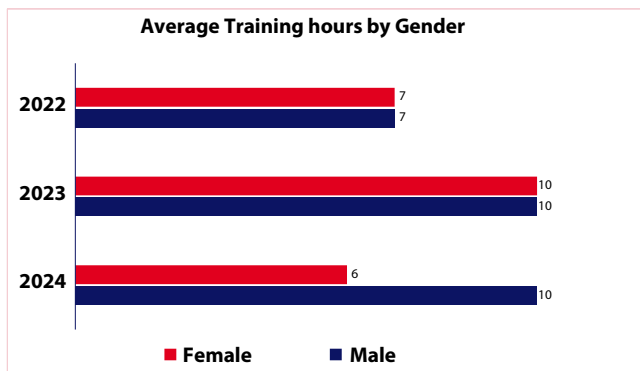
Employees Education and Training

As Hippo Valley Estates, we recognise the importance of training and development programs, as they lead to enhanced employee performance, employee satisfaction and retention, adaptability to technological changes, succession planning, and elevated employee morale. Once training and capability needs have been comprehensively identified, we set actions and objectives in conjunction with the budgetary allocations, and relevant training is identified and delivered using the 70/20/10 concept.

The Company adheres to the 70/20/10 approach, which is based on capability gaps identified through skills audit process and/or in on-the-job observations. To facilitate training, the company uses a Learning Management System (LMS) under SAP Success Factors (SSF), as well as LinkedIn Learning and off-the-job training sessions for targeted groups of employees. Crucially we ensure there is alignment between the Company's values and the capabilities of our human capital to ensure adaptability to the evolving business strategy needs.

Our internal stakeholders have specific expectations of the training program. Employees expect training to contribute to improved performance, which is critical in achieving Company goals and enhancing their skills and capabilities. Conversely management, expects training to close any identified performance gaps indicating a lack of adequacy of skills and knowledge.

The Company has a robust process of performance and improvement initiatives. These are highlighted during the annual skills gap audit, which informs the capability actions to be undertaken in the following financial year. Hippo Valley Estates has a Training and Education Policy as well as Talent Management Policy, which demonstrate our commitment to employee training and education. Our targets include skills enhancement, performance improvement, career development, employee engagement, retention, compliance and risk management, and customer satisfaction, all of which are aligned with the company's strategic objectives.



The training hours have varied over the years and specifically for FY24 due to cash flow constraints, which resulted in a delay in conducting scheduled training courses. Training, targeting some specific categories of employees was provided on a one-time basis, for example, the Defensive Driving.

Six Capitals *(continued)*



MANUFACTURED CAPITAL

Our business structure and operational processes, supported by our fixed assets, form the backbone of our operations, enabling us to efficiently conduct business and generate value.



FINANCIAL CAPITAL

Capital base and borrowing facilities from financial institutions are utilised to bolster our operations and growth initiatives.

Please refer to the Chairman and Chief Executive Officer, as well as the Group Finance Director's report for detailed utilisation of financial capital in the value creation.



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Other Sustainable Practices

SUSTAINABILITY REPORTING MANAGEMENT

As Hippo Valley Estates, we are dedicated to improving our sustainability reporting by implementing robust internal controls. As part of our commitment to Environment, Social and Governance (ESG), we recently initiated the implementation process. To oversee this crucial aspect of our operations, we appointed a dedicated Executive Committee (EXCO) member responsible for sustainability. Further, we established a committee comprising four sustainability champions, with each member assigned to a set of sustainability indicators. This committee will take the lead in setting up ESG Key Performance Indicators (KPI) and targets reported and tracked monthly. This structured approach will ensure that we are accountable and transparent in our sustainability efforts, contributing to our overall mission of responsible and ethical business practices. The quarterly board reports have also been tailor-made to report in a format consistent and enabling full coverage of the ESG parameters and visibility at Board level.

SUSTAINABILITY-RELATED RISK MANAGEMENT

Hippo Valley Estates takes a comprehensive approach to manage sustainability risks, which involves a thorough assessment of potential ESG risks. We identify and assess the potential risks associated with our processes, supply chain, and stakeholder relations. The Company developed and implemented strategies to mitigate the identified sustainability-related risks. This involved setting sustainability targets and goals, ensuring compliance with relevant regulations and standards, and integrating sustainability considerations into our decision-making processes.

IMPACT OF CLIMATE CHANGE ON OUR BUSINESS

Climate Change

Hippo Valley Estates is highly susceptible to the impacts of climate change. Changing weather patterns, increasing temperatures, and more frequent extreme weather events can all directly threaten the company's operations and viability. To address these challenges, Hippo Valley Estates implemented a comprehensive approach that includes closely monitoring fuel usage across the operation, maintaining natural greenhouse gas sinks like forests and wetlands on the Company's land, and making significant investments in energy efficient equipment and machinery, as well as transitioning to cleaner, renewable energy sources where possible.

A key focus of Hippo Valley Estates' climate change management is addressing the expectations and interests of its diverse stakeholders. The company recognises the importance of water conservation and equitable water sharing, especially as drought conditions become more common. Additionally, we are focused on building climate resilience, ensuring that production and employment can be maintained regardless of the impacts of climate change. To achieve this, the Company developed business continuity plans, intends to move to more efficient irrigation schemes over time and is exploring opportunities to diversify its operations and product mix.

We implemented a comprehensive strategy that focuses on mitigating our environmental impact. This includes enhancing natural carbon sinks through large-scale tree planting, transitioning to cleaner bagasse fuel in boiler systems, and installing energy-efficient solar geysers and solar-powered irrigation systems, including centre pivot pumps. Hippo Valley Estates provided employees with LPG stoves and cylinders to phase out the use of firewood. These proactive measures not only reduce the company's carbon footprint, but also enhance its ability to withstand the impacts of climate change and maintain production and livelihoods even as the effects of global warming intensify.

We are guided by a comprehensive Climate Change Policy that outlines the company's commitments, goals, and targets. This policy is supported by various internal systems and procedures, including greenhouse gas accounting, energy management systems, and disaster preparedness plans. By taking a proactive and holistic approach, Hippo Valley Estates aims to not only mitigate its environmental impact, but also to safeguard the long-term sustainability and resilience of its business in the face of a climate change.

Climate Change

Climate-Related Risks

Risk	Description	Mitigation Measures
Climate change	The risk of uncertainties and extreme weather patterns, including excessive or reduced precipitation, drought, heat, pests, and diseases that could adversely impact business operations.	<ul style="list-style-type: none"> Product and market diversification to reduce the overall exposure to climate-related risks like supply chain disruptions, and demand fluctuations.
Water	Increased water demand exacerbated by unplanned settlements along water canal systems makes irrigation water easily accessible. This poses a risk of overuse and potential depletion of water resources, especially in areas where settlements are concentrated.	<ul style="list-style-type: none"> Partnering with the Government in the development on new dams in the catchment area. Recycling and treatment of process water for production usage.
Environmental	The risk of unsustainable land use could lead to overreliance on cane production, limiting income diversity. Failing to maximise the use of non-cane land could result in missed opportunities for additional revenue streams.	<ul style="list-style-type: none"> Explore leasing or co-investing in land with external partners for diversified agricultural ventures or conservation projects that generate revenue while preserving natural ecosystems.
Compliance	Potential legal penalties resulting from breaching environmental laws and regulations.	<ul style="list-style-type: none"> Regularly review and update environmental practices to align with legal requirements.

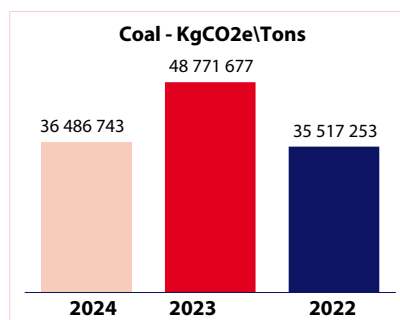
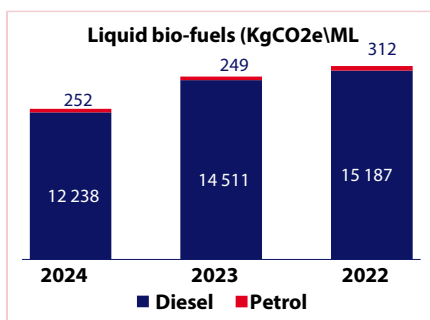
Greenhouse Gases (GHG) Emissions

Hippo Valley Estates understands the importance of managing GHG emissions to mitigate negative effect on climate change. As a responsible business, we implemented a comprehensive approach to minimise our carbon footprint and contribute to a sustainable future. Our approach focuses on measuring, reducing, and offsetting emissions across our operations and properties.

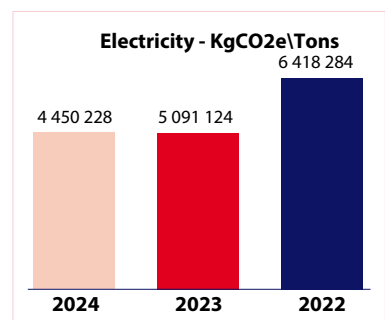
We calculate our carbon footprint by converting energy consumption into carbon dioxide equivalency (CO₂e) using internationally accepted conversion factors. We calculate Scope 1: direct emissions based on our consumption of liquid biofuels and coal, by applying United Kingdom (UK) Government GHG Conversion Factors. Our Scope 2: Indirect Emissions is calculated by converting electricity consumption to emissions equivalency using the Southern African Power Pool 2015 factors and the Global Warming Potential rates from the Intergovernmental Panel on Climate Change (IPCC).

Our emissions statistics for FY2024 were as follows:

Scope 1: Direct Emission



Scope 2: Indirect Emissions



Facilitating Value Creation Through Good Corporate Governance

Corporate Governance Report

30-34

"The Board assumes a crucial role in establishing the ethical framework and defining the standards of conduct ingrained within internal controls, policies, terms of reference, and overarching Corporate Governance procedures to ensure robust oversight and control. The Board has consistently adhered to the Zimbabwe National Code of Corporate Governance."

Corporate Governance practices

- Yearly board committee and directors evaluations;
- A third of directors retire by rotation at each annual general meeting and eligible for re-election;
- Committee terms of reference review by the Board at least once in two years; and
- Board Charter review by the Board at least once in two years.

Corporate Governance Report

Governance Approach

The Company is committed to promoting the highest standards of ethical behaviour amongst all its employees. The Board of Directors plays a pivotal role in setting the moral tone and determining the ethical standards. It recognises the importance of establishing a comprehensive Board Charter, in alignment with the guidelines stipulated by Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019 (“ZSE Rules”), National Code on Corporate Governance Zimbabwe, 2014, and the recommended practices of King IV most relevant to the Company.

Our Board of Directors

 <p>Canaan F Dube ♂ 🇷🇼</p> <p><i>Board Chairman</i> LLBS and MBA</p> <p>Independent</p> <p>Tenure on the board: 3 years 7 months (appointed August 2020)</p> <p>Skills: Legal, environment, social and governance (ESG), leadership, strategy and public relations</p> <p>Other Directorships: Edgars Ltd, Bata Shoe Company and Old Mutual Life Assurance Company.</p>	 <p>Tendai R Masawi ♂ 🇷🇼</p> <p><i>Chief Executive Officer</i> MSC Chemical Engineering (Sugar Technology)</p> <p>Executive</p> <p>Tenure on the board: 2 years 3 months (appointed December 2021 as non-independent director and March 2024 as Chief Executive Officer)</p> <p>Skills: Engineering, operations, technical and leadership</p> <p>Other Directorships: Triangle Limited, Triangle Sugar Corporation Limited, High Syringa (Private) Limited, Lowveld Development Company Limited, Mutirikwi Sugar Company Limited, Mwenezi Development Company Limited, Fuel Ethanol Company of Zimbabwe, Chiredzi Township (Private) Limited and Lowveld Sugarcane Development Trust.</p>	 <p>Robert D Aitken ♂ 🇳🇷</p> <p><i>Non-Executive Director</i> BCom Accounting (Honours), CA (SA)</p> <p>Non-Independent</p> <p>Tenure on the board: 5 years 1 month (appointed February 2019)</p> <p>Skills: Finance, accounting, reporting and strategy</p> <p>Other Directorships: Tongaat Hulett Limited, Tongaat Hulett Acucar Limitada, Sociedada De Assistecia A Agricultura E Industria, Tongaat Hulett Acucareira de Xinavane SA, Tongaat Hulett Acucareira de Mozambique SA, Triangle Limited, Triangle Sugar Corporation Limited, Tongaat Hulett Developments (Proprietary) Limited, Tongaat Hulett Pension Fund, Tongaat Hulett Sugar SA Ltd and Tongaat Hulett Estates (Proprietary) Ltd.</p>	 <p>Tapera Masarakufa ♂ 🇷🇼</p> <p><i>Group Finance Director</i> BAcc, BCompt Hons, CA (Z)</p> <p>Executive</p> <p>Tenure on the board: 2 years (appointed April 2022)</p> <p>Skills: Finance, accounting, multinational experience and operations</p> <p>Other Directorships: Triangle Limited, High Syringa (Private) Limited, Lowveld Development Company Limited, Mutirikwi Sugar Company Limited, Mwenezi Development Company Limited, Zimbabwe Sugar Sales (Pvt) Ltd, Fuel Ethanol Company of Zimbabwe, Chiredzi Township (Private) Limited, National Chemical Products Distillers Zimbabwe (Private) Limited and Lowveld Sugarcane Development Trust.</p>
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Corporate Governance Report *(continued)*

Our Board of Directors *(continued)*



Rutenhuro J Moyo ♂ 🌍

Non-Executive Director
BSc Psych & M. Phil Industrial & Occupational Psychology;
Post Grad Business & Finance

Non-Independent

Tenure on the board:

3 years 7 months
(appointed August 2020)

Skills:

Strategy, business development, management development, human capital, governance and regional experience

Other Directorships:

OK Zimbabwe Limited, FBC Holdings, National Tyre Services, Servcor Group and Fedex.



Godwin Sweto ♂ 🌍

Non-Executive Director
BSc Engineering, MBA

Independent

Tenure on the board:

3 years 7 months
(appointed August 2020)

Skills:

Engineering, technical and leadership, strategy, risk, and environment, social and governance (ESG).

Other Directorships: Encorex

(Private) Ltd and One Gas Resources (Private) Ltd.



Duduzile K Shinya ♀ 🌍

Non-Executive Director
BCompt Hons, CA(Z), MBL

Independent

Tenure on the board:

2 years (appointed April 2022)

Skills:

Technical skills in finance, accounting, strategy and operational exposure.

Other Directorships:

Zimbabwe Foreign Services Institute, Innscor Africa Limited, Deuce Advisory Services (Private) Limited and CABS Zimbabwe



Pfungwa G Serima ♂ 🌍

Non-Executive Director
Bachelor of Business Studies and Computer Science

Independent

Tenure on the board:

8 months (appointed July 2023)

Skills:

Innovation and technology, strategy, operations, organisational leadership and program/solution development experience.

Other Directorships:

Metrofile Holdings Limited



Nyasha JJ Mangwiza ♀ 🌍

Non-Executive Director
B. Comm. Accounting, Commercial Law; M.Sc. Psychology

Independent

Tenure on the board:

2 years (appointed April 2022)

Skills:

Strategic human capital management, accounting and transformation.

Other Directorships:

July 28 Group



Johannes J van Rooyen ♂ 🌍

Non-Executive Director
B PROC, Master's Degree Business Administration (MBA)

Non-Independent

Tenure on the board:

(appointed 15 May 2024)

Skills:

Legal, and environment, social and governance (ESG), leadership, risk, sugar industry knowledge

Other Directorships:

Tongaat Hulett Pension Fund, Tongaat Hulett Acucareira de Xinavane SA, Tongaat Hulett Acucareira de Mozambique SA, Triangle Limited, Hippo Valley Estates Limited, Tongaat Hulett Developments (Proprietary) Limited



Tafadzwa Chigumbu ♂ 🌍

Non-Executive Director
Chartered Institute of Management Accountants (CIMA)

Non-Independent

Tenure on the board:

1 year (appointed March 2023)

Skills:

Accounting, petrochemicals, logistics, construction and industrial manufacturing

Other Directorships:

Puma Energy Zimbabwe, KFC Zimbabwe, Datlabs, Willowtown Zimbabwe, Redan Coupon (Private) Limited and Cape Canary Limited

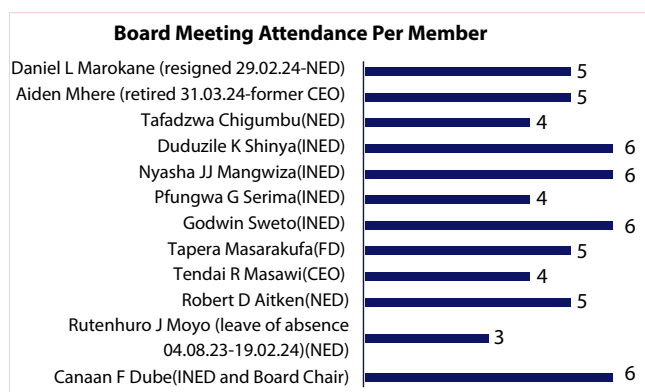
Corporate Governance Report *(continued)*

Role of the Board

The primary mission of the Board of Directors is to uphold a standard of responsible and entrepreneurial business leadership within the industry and market it serves. The mission is pursued through a strategic approach that harmonises the interests of shareholders. By conscientiously balancing the objectives of profitability and sustainability, the Board endeavours to foster long-term value creation while nurturing mutually beneficial relationships with regulators, employees, customers, suppliers, communities, and other relevant parties. The board holds the mandate of defining the Company's strategic trajectory, ensuring the requisite organisational frameworks and procedures are in place to realise these strategic aims, and establishing performance metrics to gauge progress against strategic objectives.

While maintaining ultimate accountability, the Board has entrusted the Chief Executive Officer with the authority to oversee the Company's day to day operations. Additionally, the Board bears the ultimate responsibility for restoring stakeholder confidence and safeguarding the Company's license to operate.

Board Attendance



Number of meetings held: **6**

Appointment and retirement of Directors

The Remuneration and Nominations Committee proposes the appointment of new directors for approval by the Board, adhering to the strategy and succession plan endorsed by the Board. All Directors except for the Chief Executive Officer are subject to retirement by rotation and re-election by shareholders at least once every three years in accordance with the Company's Articles of Association. Nyasha J. J. Mangwiza, Duduzile K. Shinya, Godwin Sweto and Rutenhuro J. Moyo retire by rotation in terms of Article 100 of the Articles of Association. Nyasha. J. Mangwiza, Duduzile K. Shinya and Godwin Sweto and Rutenhuro J. Moyo being eligible, offer themselves for re-election.

Discharge of duties

The Board has implemented a policy allowing any director to seek independent professional advice, covered by the Company's expenses. Additionally, all directors have

access to the Company Secretary for guidance on governance matters and compliance with relevant legislation and procedures. Furthermore, directors have unrestricted access to both Hippo Valley Estates' external and internal auditors, as well as members of the executive management team, whenever needed.

Director Training

To keep the directors abreast with regulatory changes which impact the Company, a training session was conducted during the year by a labour lawyer on the Labour Amendment Act 11 of 2023 to understand the changes to the Labour Act Chapter 28:01 and the impact of the changes on the business.

Board evaluation

Board evaluation is a vital process aimed at gauging the effectiveness and performance of the Company Board of Directors. The Board is fully committed to a formal evaluation process of the Board, its Committees and its Directors and has established processes to undertaking formal evaluations. In the current year the Board extended the evaluation process to self-assessment and peer to peer evaluation of individual Directors and the Board Chairman. In a bid to continuously to expand and improve its evaluation processes the Board further engaged an independent professional consultant to evaluate the appropriateness of its evaluation procedures and questionnaires.

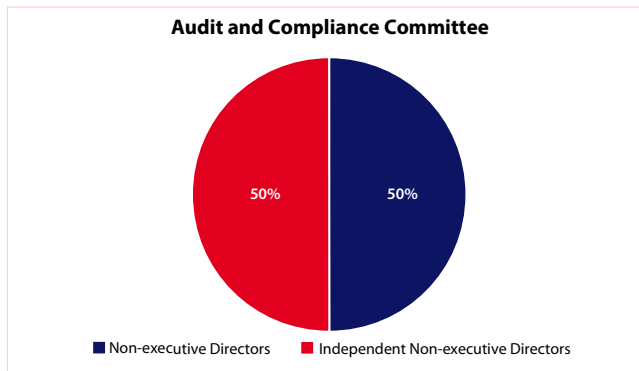
Share Dealings

In line with the Zimbabwe Stock Exchange Listing Requirements, the Company operates a "closed period" prior to the publication of year-end financial results during which period Directors, officers and employees of the Company may not deal in the shares of the Company. The Directors, officers and employees of the Company are informed of the closed period by the Company Secretary.

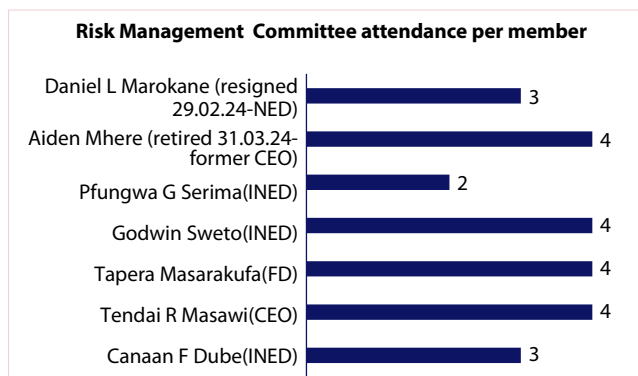
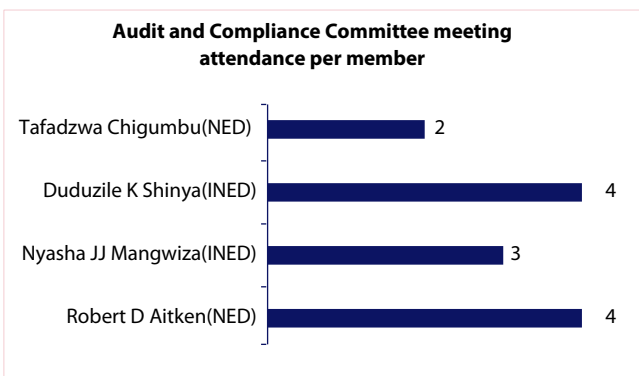
Board Committees

The Board has delegated certain functions to four well-structured and established committees without abdicating its own responsibilities namely the Audit and Compliance Committee, Risk Management Committee, Remuneration and Nominations Committee, and Stakeholder Engagement Committee. Each committee consists of a minimum of three members. While the Board holds the ultimate responsibility for upholding good corporate governance, the committees within the Company also play a vital role in maintaining integrity. Strong corporate governance serves as the foundation for safeguarding stakeholder value and driving the Company's strategic goals forward. Independent oversight from the Board is essential for ensuring compliance and promoting integrity and transparency throughout Company operations.

Audit and Compliance Committee



Risk Management Committee



Number of meetings held: **4**

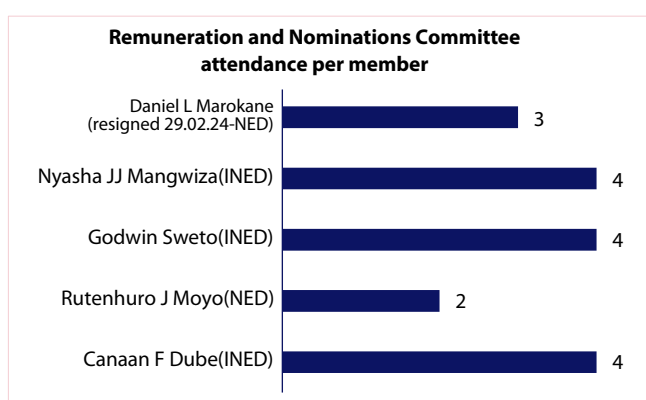
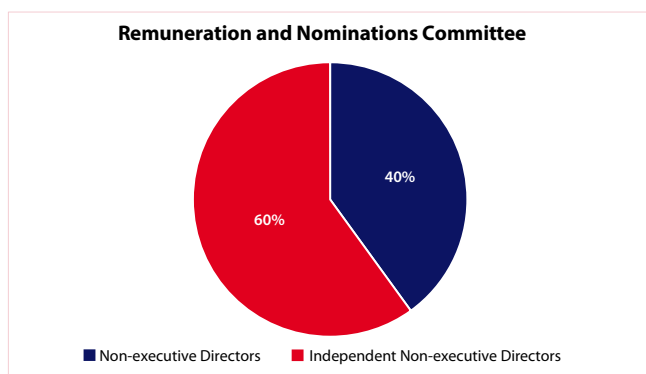
The Audit & Compliance Committee oversees the company's compliance with legal and regulatory requirements including but not limited to its compliance with generally accepted accounting practices. Further information on the activities of the Audit & Compliance Committee is contained in the Audit & Compliance Committee Report on page 54-55.

The Audit & Compliance Committee is comprised of two Independent Non-Executive Directors and two Non-Executive Director. The Audit & Compliance Committee is chaired by Duduzile Shinya (an Independent Non-Executive Director) and is responsible for monitoring the adequacy of the Company's internal controls and reporting, including reviewing the audit plans of the Internal and External Auditors, ascertaining the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls and ensuring that year-end financial reporting meet acceptable accounting standards.

Number of meetings held: **4**

The Risk Management Committee comprises of three Independent Non-Executive Director, one Non-Executive Director and two Executive Directors. The Risk Management Committee is chaired by Godwin Sweto (an Independent Non-Executive Director) and has been delegated with the responsibility to monitor, among others, risk governance. The Company's enterprise risk management process identifies, assesses and responds to threats and opportunities, considering the impact on its people, reputation, financial position, and performance, as well as its ability to create long-term value for its stakeholders. Through the guidance of the Risk Management Committee the Company pursues prudent risks that it believes will generate sustainable performance and value while avoiding intolerable risks. In doing so, it aims to respond effectively by managing residual risk within defined levels and by capitalising on attractive opportunities that present themselves.

Remunerations and Nominations Committee

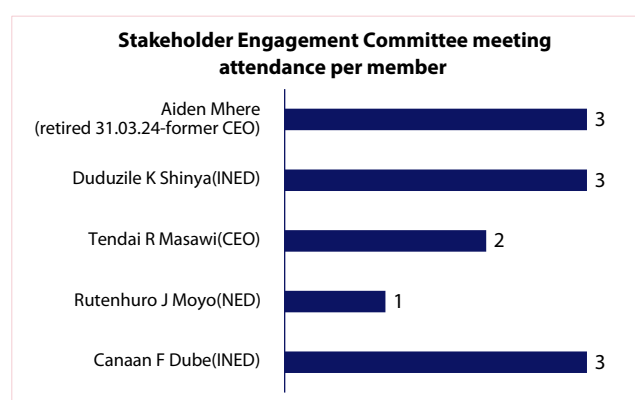
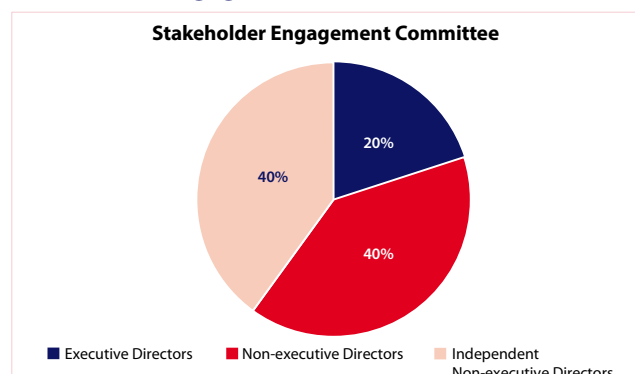


Number of meetings held: **4**

The Remuneration and Nominations Committee consists of three Independent Non-Executive Directors, including its Chairperson (Nyasha Mangwiza) and two Non-Executive Directors. The Remuneration and Nominations Committee is responsible for assisting the Board in fulfilling its corporate governance responsibilities which include review of the remuneration structure and policy, making recommendations to the Board on the composition of the Board and Board committees. In terms of its remuneration policy, the Company seeks to provide rewards and incentives for the remuneration of Directors performing executive duties, senior executives and employees that reflect performance aligned to the objectives of the Company.

The Directors are appointed to the Board to bring appropriate management, direction, skills and experience to the Company. They are, accordingly, remunerated on terms commensurate with market rates that recognise their responsibilities to shareholders for the performance of the Company. These rates are reviewed at least annually utilising independent consultants.

Stakeholder Engagement Committee



Number of meetings held: **4**

The Stakeholder Management Committee is an ad hoc committee established to deal with a broad spectrum of stakeholders of strategic significance. The Stakeholder Management Committee consists of two Independent Non-Executive Directors, one Non-Executive Director and the Chief Executive Officer and is chaired by Rutenhuro J Moyo. The responsibility of the Committee is to assist the board to oversee the implementation of an effective policy and plan for stakeholder management that will enhance the Company's ability to achieve its strategic objectives and to ensure that the Company manages stakeholder related risk, reputation, legitimacy, and relationship building to create a sustain-able future for all stakeholders.

Directorate changes

Retirements and resignations

Aiden Mhere who was the Chief Executive Officer of the Company retired on 31 March 2024 and Daniel L. Marokane, a Non-Executive Director resigned from the Board on 29 February 2024. The Board is grateful for their valuable contribution during their tenure and wish them well in their future endeavours.

New appointments

The Board appointed Tendai R. Masawi as the new Chief Executive Officer effective 1 April 2024 and one Non-Executive Director, Mr Johann J. van Rooyen effective 15 May 2024.

Strategic Innovations to enhance business performance

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Our strategy is founded in our aspiration to enhance revenue generation from our existing markets, while exploring other new opportunities regionally and beyond, and focusing on unit cost reduction through efficient and cost-effective ways of production.

The Board owns and is ultimately accountable for the Company strategy, while the Executive Committee is responsible for managing its execution.

Executive Committee

Hippo Valley Estates is composed of a diverse and seasoned management team involved in the Company's day-to-day operations. Its responsibilities include:

- Implementing corporate policies and strategy as approved by the Board
- Prioritising capital expenditure allocations
- Establishing and overseeing best management practices
- Making senior managerial appointments
- Monitoring and evaluating managerial performance
- Stakeholder engagement and crisis management




Tendai R Masawi ♂ 🇷🇼
*Chief Executive Officer
 MSC Chemical Engineering
 (Sugar Technology)*



Gilbert Handara ♂ 🇷🇼
*Operations Director
 MMBA General, BSC Mechanical
 Engineering*



Sylvester Mangani ♂ 🇷🇼
*Commercial Director
 MBA, Bachelor of Science degree Honours
 in Mechanical Engineering, Chartered
 Institute of Secretaries and
 Administrators CISA*



Tapera Masarakufa ♂ 🇷🇼
*Group Finance Director
 BAcc, BCompt, CA*



Pauline Kadembo ♀ 🇷🇼
*Company Secretary and Legal Counsel
 Bachelor of Laws Honours Degree - UZ*



Aaron Mugadhi ♂ 🇷🇼
*Technical Projects Executive
 EMBA, MSC Chemical Engineering*



Betty Chimbera ♀ 🇷🇼
*Head of People
 Bachelor of Science Honours-Politics
 and Administration, Diploma in Labour
 Relations, Diploma in Personnel
 Management*



Dr. Dahlia Garwe ♀ 🇷🇼
*Head of Corporate and Industry Affairs
 PhD - Molecular Biology, Master of
 Science in Biotechnology, Bachelor of
 Science (Hons) in Biochemistry,
 Executive Business Leadership*



Jubilence Ndlovu ♀ 🇷🇼
*Chief Risk Officer
 Masters in Business Administration,
 Bachelor of Business Studies Hons,
 Certified Internal Auditor,
 Certified in Risk Management*

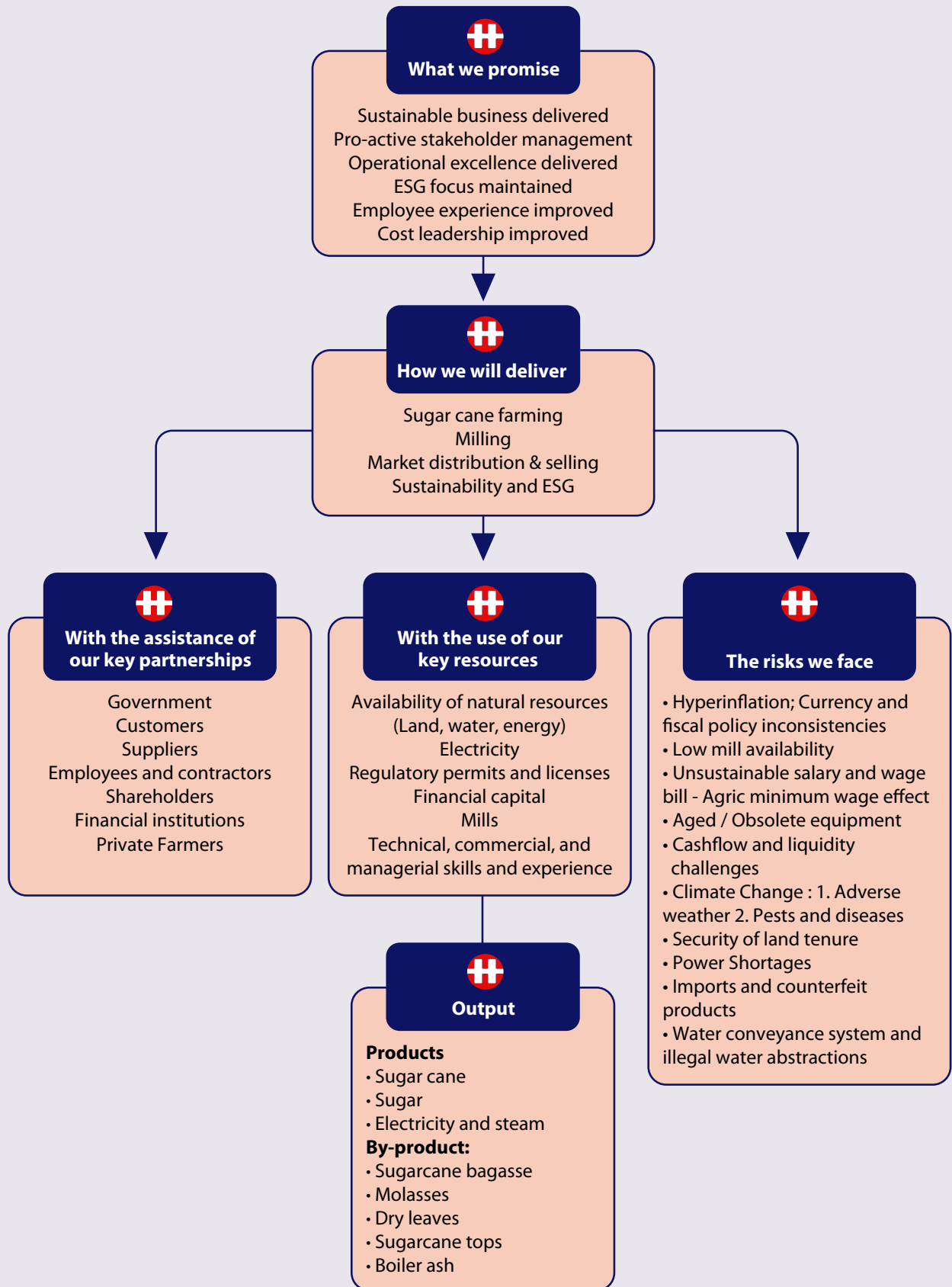
Our strategy

		Strategic Initiatives	Output
	Agriculture →	Increased use of value-add technology	Improved yield, cane quality and efficient cane delivery
	Milling →	Retooling and asset care	Improved recovery efficiencies
	Marketing →	Improved research and marketing capacity	Product availability and competitive pricing
	Support services →	Improved good governance practices	Improved productivity

Looking ahead

In line with our strategy, the focus is to achieve better returns augmented by improved agricultural output, positive mill performance and an enhanced commercial re-engineering, supported by our operational experience and a positive business environment. Our Company assures adequate sugar stocks with a capacity to meet all domestic and export markets demand. The strategy is further cemented by our project 'Zambuko' which was launched post the reporting period as an initiative to enhance revenue streams and reduce the cost of doing business. We are committed to continue integrating ESG matters into all business decisions, company strategy, reporting and operations.





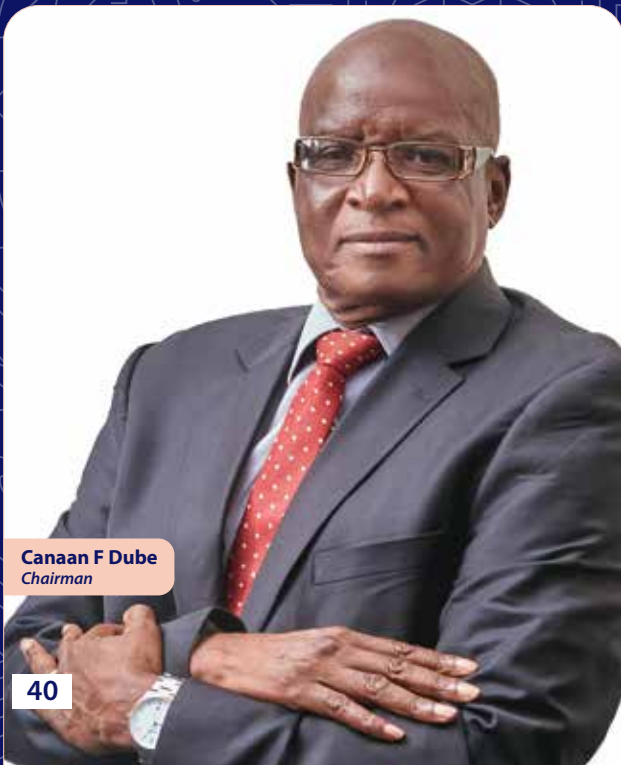
Our Performance

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Our strategy is founded in our aspiration to enhance revenue generation from our existing markets, while exploring other new opportunities regionally and beyond, and focusing on unit cost reduction through efficient and cost-effective ways of production.

The Board owns and is ultimately accountable for the Company strategy, while the Executive Committee is responsible for managing its execution.

Reflections from the Chairman and Chief Executive Officer



Cnaan F Dube
Chairman



Tendai R Masawi
Chief Executive Officer

Reflections from the Chairman and Chief Executive Officer

CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE'S REVIEW FOR YEAR ENDED 31 MARCH 2024

	INFLATION ADJUSTED			HISTORICAL COST*		
	Year ended 31.03.24	Year ended 31.03.23	% change	Year ended 31.03.24	Year ended 31.03.23	% change
Sugar production (tons)	194 684	207 430	↓ 6%	194 684	207 430	↓ 6%
Total industry sugar sales (tons)	391 662	381 820	↑ 3%	391 662	381 820	↑ 3%
Hippo share of industry sugar (%)	52.54%	52.25%	↑ 1%	52.54%	52.25%	↑ 1%
Revenue (ZWL'000)	7 509 396 798	4 284 860 880	↑ 75%	1 337 882 807	100 578	↑ 1 230%
Operating profit (ZWL'000)	(1 273 738 228)	796 746 545	↓ 260%	1 085 979 770	926	↑ 1 868%
Adjusted EBITDA *(ZWL'000)	(430 129 979)	321 280 396	↓ 234%	250 608 151	55 193 055	↑ 2 225%
Profit for the year (ZWL'000)	535 134 200	529 886 726	↑ 1%	728 928 097	10 776 720	↑ 1 603%

*Adjusted EBITDA is operating profit adjusted to exclude depreciation, amortisation, any impairment (or reversal thereof) and fair value adjustments relating to biological assets.

Cautionary – reliance on hyperinflation adjusted financial statements

The consolidated financial results of Hippo Valley Estates Limited (the Company) have been prepared in accordance with the requirements of International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies (IAS 29). As such, the commentary on financial performance is based on inflation adjusted financial results, with historical figures presented as supplementary information along-side the inflation adjusted financial results to enhance comprehension and analysis. In complying with IAS 29, the Directors applied, where appropriate, necessary judgements and assumptions with due care. However, users are cautioned that in hyperinflationary environments inherent economic distortions may have an impact on these financial results. As such, the Directors would like to advise users to exercise caution in the use of these abridged inflation adjusted financial statements in relation to the reporting currency and conversion to comparative currencies.

Operating Environment

The year 2024 will be remembered for the difficult economic climate with overwhelming hyperinflation which saw the extreme depreciation of the local currency against the USD. The official exchange rate to the ZWL devalued by 2 272% from ZWL930:USD1 at the beginning of the year to ZWL22 055:USD1 at the end of March 2024. Imperfections in the money market continued with constrained Zimbabwe Dollar (ZWL) and United States Dollar (USD) liquidity, making it difficult to draw on short term facilities for working capital requirements. The complexities in the monetary and fiscal policies persisted and various regulatory pronouncements were issued in an effort to stabilise exchange rates and reduce inflation. Notwithstanding progressive monetary policy measures implemented by the Reserve Bank of Zimbabwe in the first quarter that allowed foreign currency to be traded more

freely at market-determined exchange rates through financial institutions, the greater part of the financial year experienced severe exchange rate volatility resulting from market forces of the USD demand and supply.

Statutory Instrument 80 of 2023 introduced at the onset of the financial year which saw suspension of import duty on basic commodities including sugar, affected the industry significantly. The Company was not spared from the effects of the above, which contributed to the muted growth in financial performance. The Statutory Instrument was subsequently repealed in the last quarter. However, amongst other fiscal policy measures that were introduced together with the repeal, was the introduction of more aggressive corporate taxes, effective 1 January 2024, thus increasing the cost of doing business for the whole economy. The multi-currency regime continued with the USD transactions dominating the trading platforms and post 31 March 2024, the economy saw the pronouncements of the 2024 Monetary Policy Statement which focused on a number of interventions. One such was the introduction of the Zimbabwe Gold (ZWG) currency (a currency anchored on gold and USD reserves), replacing the ZWL effective 05 April 2024 under the theme "recalibrating the monetary policy framework to anchor currency, exchange rate and price stability". In the event that the ZWG currency holds, expectations are that this will lower inflation and improve exchange rate stability. The rising geopolitical tensions have created far reaching consequences to a wide spectrum of industries, intensifying the volatility and complexity of the business operating environment and commodity prices remain threatened amidst fears of global inflation. The Company continues to proactively drive initiatives aimed at protecting the local market and procuring at competitive prices in order to foster a positive business case that generates sustainable profits.

Reflections from the Chairman and Chief Executive Officer *(cont)*

Operations

Cane and sugar production (tons) for the year ended 31 March 2024

Agriculture Operations	2024	2023	% Change
Tonnes cane harvested - Company	863 075	1 017 408	↓ 15%
Tonnes cane harvested - Private farmers	746 355	749 985	↓ 1%
Total tonnes cane harvested	1 609 430	1 767 393	↓ 9%
Milling Operations			
Total tonnes cane from Agriculture	1 609 430	1 767 393	↓ 9%
Tonnes cane diverted to Triangle	-	(27 001)	↑ 100%
Total tonnes cane milled	1 609 430	1 740 392	↓ 8%
Sugar cane yield per hectare -Company	89.20	95.38	↓ 6%
Sugar cane yield per hectare -Private farmers	68.82	73.40	↓ 6%
Cane to sugar ratio	8.27	8.39	↑ 1%
Tons sugar produced - Company	194 684	207 430	↓ 6%
Tons sugar produced - Industry	370 600	396 682	↓ 7%

Cane deliveries from the Company's own plantations (miller-cum-planter) fell 15% below prior year at the back of a drop in yields to 89.20 tons cane per hectare (tch) (2023: 95.38tch) resulting from reduced 'plant cane' harvested in the current year and unfavourable weather conditions coming from a strong El Niño event occurring between October 2023 and March 2024. Private farmer cane deliveries contributed 46% (2023:42%) of the total cane supply, and were 1% below prior year having experienced a 6% drop in yields after achieving 68.82tch (2023: 73.40tch).

The milling season ended on 21 December 2023 with reduced sugar production by 12 476 tons, a 6% drop from prior year. The decrease was occasioned by low milling efficiencies with availability of critical spares (affected by cashflow constraints on account of the impact of cheap sugar imports) resulting in unscheduled mill stoppages and lost time available (a measure of plant reliability) increased to 17.8% from 14.6% recorded same period prior year, thereby affecting production performance leading to carryover cane of 652 ha.

However, the season registered improved recovery efficiencies and cane quality measured as the estimated recoverable crystal in sugar cane (ERC) and cane to sugar

ratio (i.e. tons of cane required to be crushed to produce one ton of sugar) having achieved 12.10% ERC (2023:11.64%) and cane to sugar ratio of 8.27 (2023:8.39). The off-crop maintenance program performed between December 2023 and April 2024 which encompasses annual maintenance, including repositioning the mill for improved efficiencies, was successfully completed and the mill commenced crushing for the 2024/25 season in April 2024 as planned.

Sugar produced by the Company decreased by 12 746 tons (6%) notwithstanding that an additional 130 962 tons (8%) of cane was delivered to the mill for crushing. Ordinarily, this additional volume of cane would have increased sugar production by approximately 15 836 tons. The decrease was occasioned by lower cane quality attributable to prolonged wet weather and significant rainfall received at both the onset and end of the season. Rainfall hinders both the harvesting and hauling of cane to the mills resulting in the cane remaining in the fields for extended periods and leading to reduced sugar content, while posing difficulties in achieving efficient milling recoveries.

Marketing Performance

Following the publication in May 2023 of Statutory Instrument 80 of 2023 as detailed in the overview of the operational environment, domestic market sales for the sugar industry experienced immense pressure with volumes declining by 54 770 tons (16%) to 283 289 tons (2023: 338 059 tons). Notwithstanding the repeal of Statutory Instrument 80 in January 2024, the eight-month period with imported sugar brands had unfair comparative cost advantages over locally-produced sugar as imported sugar was not subjected to Vitamin A fortification as required by law [i.e. SI 120 of 2016] among other factors. Local market purchasing power was depressed due to inflationary pressures, with price becoming a key stimulant on consumer behaviour and consequently, the cheaper duty free and non-fortified sugar imports eroded the local market share. Continuous engagements with the relevant authorities during the eight-month period resulted in the reinstatement of import duty on sugar and other basic commodities with recovery only having commenced towards the end of the financial year and to date, market share of locally produced sugar remains on the recovery path.

During the year under review, export sales volume for the industry increased by 148% to 108 374 tons (2023: 43 761 tons) partly arising from the sales volume redirected to the export market to mitigate against the drop in domestic market revenue and to generate the cash required to sustain business operations. Additionally, export sales volume growth was driven by the increased United States Tariff Rated Quota [USTRQ] allocation to 22 420 tons (2023: 17 751 tons) and exports to the United Kingdom of 55 000 tons. Sales into regional markets also increased by 4 943

Reflections from the Chairman and Chief Executive Officer (cont)

tons with most of this going to the Botswana & East African markets. International sugar markets are however residual markets for excess sugar and accordingly export market prices are typically lower than domestic market prices.

For the year ended 31 March 2024, the Company's share of total industry sugar sales volume was 205 770 tons (2023: 199 709 tons) was 52.5% (2023: 52.3%).

Financial Results

The year was not plain sailing for the sugar industry mainly owing to lost revenue in the local market which generates higher returns compared to the export market. Unscheduled mill stoppages, combined with the decline in yields, increase in the minimum wage, high input costs due to price volatility and global inflation from geopolitical events in the eastern Europe negatively impacted the performance of the Company. Resultingly, an inflation adjusted operating loss of ZWL1.2 trillion (2023: operating profit of ZWL0.8 trillion) was recorded for the year. Currency and inflationary dynamics continued to cause distortions in financial reporting. The Company recorded a net monetary gain of ZWL2.6 trillion (2023: monetary loss of ZWL0.1 trillion). This was influenced by the indexing of the actuarial loss on the post-retirement medical aid obligation (PRMA) and Retirement Gratuity (RG), which accounted for ZWL1.3 trillion, while the remaining balance was mainly due to the net indexing effect on other income statement related items.

The net monetary gain was significant enough to turn the operating loss for the year into an overall inflation-adjusted profit of ZWL0.5 trillion (2023: ZWL0.5 trillion). Without the indexing effect on the actuarial loss on PRMA and RG, the profit before tax would have been a loss of ZWL0.2 trillion. The table below shows an analysis of the indexing effect:

	PRMA and RG indexed at an average factor of 10	PRMA and RG indexed at the closing factor of 1	Movement
Impact on Other Comprehensive Income			
Actuarial Loss (ZWL'000)			
Gross	(1 398 450 960)	(139 772 050)	1 258 678 910
Tax Impact	345 697 077	34 551 651	(311 145 426)
After Tax	(1 052 753 882)	(105 220 399)	947 533 483
Impact on Statement of Profit or Loss			
Net monetary gain (ZWL'000)	2 647 217 116	1 388 538 207	(1 258 678 910)
Profit/(loss) before tax (ZWL'000)	781 090 251	(477 588 658)	(1 258 678 910)
Taxation (ZWL'000)	(245 956 051)	271 613 227	517 569 278
Profit/(loss) for the year (ZWL'000)	535 134 200	(205 975 431)	(741 109 631)
Impact on Statement of Financial Position			
Equity (ZWL'000)	1 844 683 099	2 051 106 950	206 423 852

"The financial information above is the responsibility of the Board of Directors and is presented for illustration purposes only."

Exchange rates and high inflation disrupted liquidity flows, creating cashflow gaps which were covered through utilisation of short-term loans with the financial institutions struggling to satisfy working capital requirements due to general liquidity constraints experienced in the economy. This challenge, largely experienced between June 2023 and March 2024, resulted in the Company carrying long outstanding supplier obligations most of which were subsequently settled post 31 March 2024 after receipt of a significant portion of the export inflows.

Dividend

The Company experienced immense competition in the local market from cheap sugar imports, lasting for eight months from May 2023 up until the repeal of Statutory Instrument 80 effective 1 February 2024, squeezing cash resources as excess sugar stocks were redirected to comparatively low yielding export markets. This, together with the working capital requirements of the new cane purchase arrangements for the season and the inability to recover cost pressures due to the relatively lower export prices, placed a strain on the Company's liquidity. As a result, there was an increase in the borrowing levels of the Company and there were delays in settlement of amounts owed to suppliers. For these reasons, and the uplift of Statutory Instrument 80 of 2023 only taking effect on the 1st of February 2024, the Directors have resolved not to declare a dividend for the year ended 31 March 2024.

Environmental, Sustainability & Governance

A total of 3 Lost Time Injuries (LTIs) were recorded during the year under review, compared to 2 LTIs recorded during the prior year. This resulted in a Lost Time Injury Frequency Rate (LTIFR) of 0,028 (2023: 0,018). Fortunately, there were no fatal incidents recorded during the year. Improved safety measures focusing on behavioural changes and heightened vigilance amongst peers were implemented to curtail the incidents trends as well as to avoid a repeat of the fatality experienced in the prior year. For the ensuing year, a number of initiatives, including review of fatal risk controls, assessment of compliance of contractors to Safety, Health and Environment (SHE) protocols, enforcement of change management procedures on all new changes, will be implemented to further improve the Company's SHE performance.

The Company also successfully retained its certification in respect of the Occupational Safety and Health Management System (ISO 45001:2018) and Environmental Management Systems (ISO 14001:2015). This reaffirms its commitment to act responsibly and to impact the environment positively in order to protect communities whose livelihoods depend on agriculture, and for the benefit of future generations. Hippo Valley continues to invest in clean renewable energy sources, reforestation and general tree planting programs, sustainable waste management systems and proactive emission monitoring and control systems to reduce its overall environmental footprint.

A cholera outbreak was reported in parts of Africa and Zimbabwe has been grappling with the outbreak since 12 February 2023 (as at 26 April 2024, 33 004 cholera cases and 703 deaths were reported in Zimbabwe). Chiredzi, the community in which the Company is located, saw a localised outbreak early 2024 with the epicentre being Mapanza. Local reports as of 29 April 2024 indicated 1 685 cholera cases and 34 deaths. In response to this threat, the Company activated its Emergency Response Protocol and rolled out a comprehensive public health cholera awareness campaign designed for the communities of Hippo Valley Estates, Chiredzi town and surrounding districts. The campaign's aim was to raise awareness, educate the public about prevention methods, encourage treatment for those affected, and promote sanitation and hygiene practices to prevent the spread of cholera.

Cholera awareness activities included:

- Broadcasting alerts and education on local radio stations and flyers distribution in the community.
- Vaccine roll out in hot spots.
- Community Water, Sanitation and Hygiene (WASH) issues being assessed, and shortcomings addressed.
- Water quality monitoring being implemented.

Cane Supply Growth Initiatives

The Company, in partnership with Triangle Limited (jointly known as Tongaat Hulett Zimbabwe or THZ) continues to work with Government and various financial institutions to progress the implementation of Project Kilimanjaro, a 4 000 hectare new sugarcane development. As previously reported, the first 700 hectares (called the Project Kilimanjaro Empowerment Block and benefiting 41 new farmers) has been planted with cane, of which 682 hectares were harvested this season. Government has already allocated offer letters to 116 new beneficiary farmers for development to new sugarcane plots on the balance of the 3 300 hectares of Project Kilimanjaro. Modalities for funding the completion of the project are being determined through the auspices of a Joint Steering Committee comprising Government and THZ. In addition to the Project Steering Committee, Government has also set up a Company as part of the project governance structure through which the interests of the new beneficiaries will be managed.

The Company is also actively supporting Triangle Ltd in other cane development projects meant for third parties such as Pezulu Project in Western Triangle of close to 1 000 hectares (benefitting 28 new farmers) and Chiredzi River North (1 000ha). Project planning for these developments has been completed and once funding modalities have been completed, implementation will commence. In addition to furthering participation in the value chain by more farmers, these projects are intended to increase cane supply and maximise the existing installed sugar milling

capacity within the industry, which is currently only about 70% utilised.

The commercial issues relating to the cane supply agreements for the current season have been concluded and this has not created any delays in cane supply from third party farmers as the case was in the last milling season. Government has further engaged interested stakeholders to make the necessary inputs to the Sugar Bill to pave way for the repeal of the outdated Sugar Production Control Act of 1973, and the enactment of the new Sugar Act. These measures will help to resolve longstanding legacy issues for the mutual benefit of all parties. This work is reported to be at an advanced stage.

Land tenure

Engagements with Government regarding the issuance of the balance of the 99-year leases, as well as amendments to the wording of current leases for bankability, transferability and other necessary changes are ongoing. Considerable progress has been made on the signing of the leases by the Minister of Lands, Agriculture, Fisheries, Water and Rural Development. The total surveyed area for Hippo Valley has now been established to be 17 644ha from the original estimate of 23 979ha. Of the 17 644ha about 16 802ha have been signed off (i.e. 95%) by the Minister and only 802ha now remain. Engagements with the Ministry to have the remaining area also signed off are in progress.

Mr. Tendai Rosian Masawi was appointed as Chief Executive Officer of the Company, as well as a new Non-Executive Director, Mr. Johannes Jacobus van Rooyen. The Board will seek ratification of Mr. Johannes Jacobus van Rooyen's appointment at the forthcoming Annual General Meeting.

Outlook

Looking ahead, Directors and Management remain focused on preserving business sustainability through designing plans to maximise on business opportunities and contingencies to mitigate the negative impact of the business environment and entrenching operational agility and flexibility.

In light of El Niño weather phenomenon, slowed economic growth is projected across many business sectors which depend on water for irrigation.

The Company's major dams are holding sufficient water to support optimal irrigation regimes for the coming season. Notwithstanding low water levels at Manjirenji and Siya Dams at 39.8% and 59.3% respectively as of 6 May 2024, the Zimbabwe National Water Authority (ZINWA) plans to rationalise water supplies from these dams in order to mitigate impacts on the crop until such time the water stocks improve.

Reflections from the Chairman and Chief Executive Officer *(cont)*

The Company through its strategic focus to improve yields is looking forward to harvesting 945 471 tons cane and receive 739 329 tons cane from private farmers in the 2024/25 season, a 4% increase from the current year.

Milling efficiencies are anticipated to recover on the back of improved cane quality, and after the satisfactory completion of the requisite annual maintenance program, with a forecast to produce 202 860 tons of sugar at a cane to sugar ratio of 8.26.

With the recent repeal of Statutory Instrument 80 of 2023 effective 1 February 2024, the local market anticipates to enjoy protection against unfair competition from cheap world market imports as the local market share is restored. Additionally, the reconfiguration of the route to market and implementation of innovative work streams to contain the cost of goods and services through Project Zambuko (a revenue enhancement and cost reduction project) will enable the business to achieve key metrics around profit maximisation. Efficient fiscal and monetary policies which include the introduction of ZWG replacing ZWL as one of the currencies in the multicurrency basket effective 05 April 2024, is expected to foster a sustainable business environment in the short to medium term. The Zimbabwe government through the Reserve Bank of Zimbabwe, announced five key measures under the monetary policy, aimed at addressing exchange rate and price volatility, which if achieved will set a successful path for the business. The Company continues to proactively engage with key stakeholders, promoting open and constructive engagements with Farmers, Trade Unions, Suppliers and Customers in order to advance mutually beneficial relationships.

Following the implementation of two cane supply agreements at the beginning of prior year (namely a sugar milling agreement and a cane purchase agreement), both

agreements remain in use for the 2024/25 season and discussions of the current year's cane purchase price have been concluded.

Management has put in place mechanisms that will allow smooth supply of critical goods and services from suppliers especially in light of improved cashflows from the restored local market share, which provided the much-needed working capital post 31 March 2024 to enable accelerated settlement of overdue obligations with suppliers, thereby strengthening confidence in the supply chain.

Discussions with trade unions progressed well at the beginning of the new financial year and existing plans will ensure a positive relationship is maintained with employees who remain a key asset to the business.

The Company continues to pursue strategies that minimise risk to the business, create value and exploit opportunities that arise. A new year awaits with more opportunities to maximise on and complexities to navigate in, while ensuring the business operates sustainably.

By Order of the Board



C.F Dube
Chairman

19 June 2024



T.R Masawi
Chief Executive Officer

Reflections from the Group Finance Director



Tapera Masarakufa
Group Finance Director

Reflections from the Group Finance Director

Our financial performance must be evaluated in the context of the complexities associated with hyperinflation. In the financial year, we faced slow economic growth, rising business costs driven by hyperinflation, and aggressive tax regimes introduced in the last quarter. Additionally, geopolitical events impacted key input prices. The Company also experienced diminished business confidence in the supply chain due to cash flow constraints, power outages, displacement of our sugar brand in the local market, and depreciating ZWL. Compounding these challenges were fierce local competition from cheap duty-free sugar imports and generally low export market returns with prices dropping from prior year.

Due to the presence of duty-free imports in the local market, we implemented strategies to defend our market share and overall, we successfully achieved a 3% growth in sales volume. We pursued cost reduction opportunities through stringent procurement controls to mitigate the impact on our return profile and align with the strategic direction of the business across the short, medium, and long term. Following 31 March 2024, the Company launched the 'Zambuko' project to bolster revenue streams and bring production costs to sustainable levels for the upcoming year and beyond.

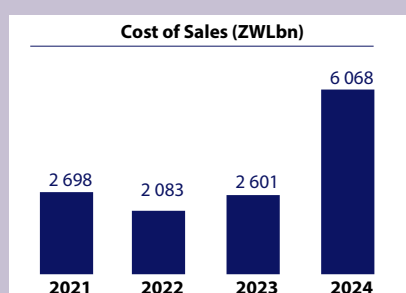
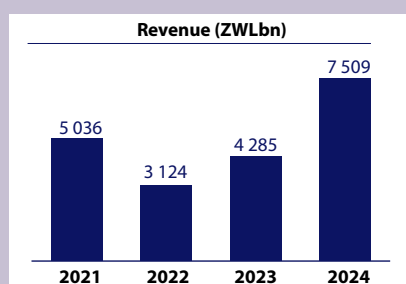
The Company is a major player in the industry alongside other sectors in the economy due to its market capitalisation size. It also rewards its investors with an increase in share value and dividends payments as and when cashflows permit, in line with the dividend policy. Additionally, it has over the years gained size related competitive advantage like economies of scale and widespread brand recognition of the 'Huletts' Sunsweet Sugar.



Based on the above, the business has remained resilient in the midst of macroeconomic challenges with the share price gaining momentum towards the end of the financial year, closing at 759 000 ZWL cents per share (2023: closed at 37 962 ZWL cents).

Financial performance highlights

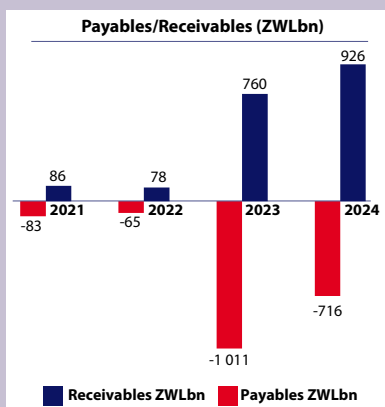
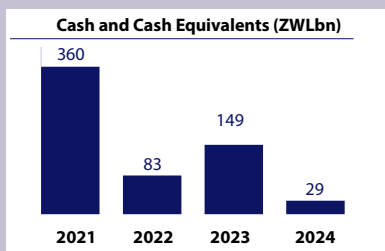
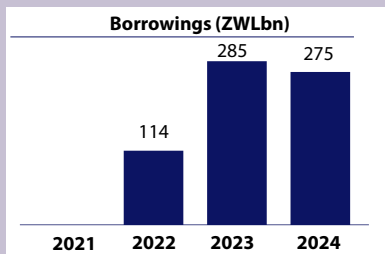
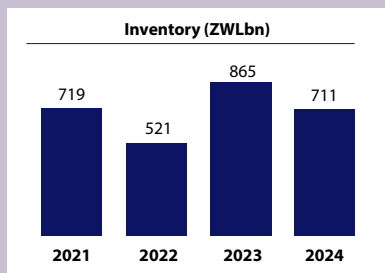
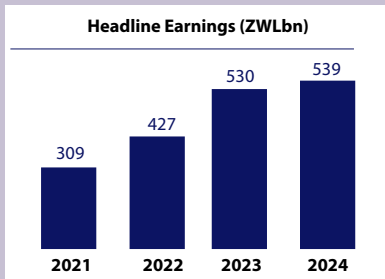
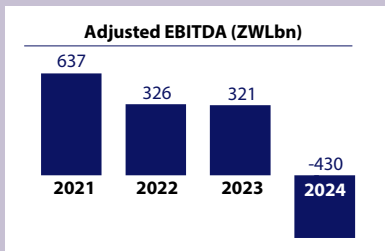
Key Performance Indicators	FY24 ZWLbn	FY23 ZWLbn	% change
Revenue	7 509	4 285	↑ 75%
Cost of sales	6 068	2 601	↑ 133%
Adjusted EBITDA	-430	321	↓ 234%
Headline Earnings	539	530	↑ 2%
Cash and cash equivalents	29	149	↓ 81%
Trade and other receivables	926	760	↑ 22%
Inventory	711	865	↓ 18%
Trade and other payables	716	1 011	↓ 29%
Borrowings	275	285	↓ 4%



Despite local market disruption during the eight months from June 2023 to January 2024 and low returns from international markets, the Company recorded a 75% increase in inflation adjusted revenue, driven by a 3% growth in sales volume and a 70% positive impact from price adjustments, although such price adjustments were limited due to the need to compete with cheaper duty-free imported sugar.

The significant rise in cost of sales by 133% to ZWL6 068 billion (2023: ZWL2 601 billion) largely coming from the currency and Consumer Price Index (CPI) dynamics sitting in manpower costs which grew by 219% due to the labour arbitration award making up 28% of cost of sales (2023: 20%) and cane purchases from private farmers which increased by 89%, contributing 54% (2023: 66%) of cost of sales. The increase in cane purchase was in line with exchange rate movements with most farmers paid in USD per the cane purchase agreement pricing modalities which was largely opted by private farmers compared to the cane milling agreement. Overall, the increase in cost of sales in excess of revenue saw gross profit margins decline from 39% in the prior year to 19%.

Reflections from the Group Finance Director *(continued)*



Adjusted EBITDA was largely weighed down by increased cost of sales, embedded with exchange rates and CPI dynamics. The extent of these complexities emanated from the depreciation of the ZWL by 2 272% in the current year, compared to 553% in the prior year. While the cost of doing business was on the rise in light of macroeconomic dynamics, price adjustments on our products were not enough to recover such levels of operating expenditure with focus remaining on ensuring product availability and affordability.

With the reduction in gross profit margins, and further increases in operating costs resulting from currency and CPI dynamics, the Company reported an operating loss of ZWL 1 274 billion. However, this operating loss was transformed into a profit after realising a net monetary gain of ZWL 2 747 billion. Resultantly, the business achieved headline earnings of ZWL537 billion (2023: ZWL728 billion). In line with IAS 29, a net monetary position was derived as the difference resulting from the restatement of non-monetary assets, owners' equity and items in the statement of comprehensive income and the adjustment of index linked assets and liabilities.

During the first half of FY24, the Company experienced significant pressure on cashflows while holding significant stocks of sugar after the local brand was displaced by cheap duty-free sugar imports. However, after the repeal of SI 80 of 2023 which came towards the end of January 2024, the Company not only got the relief late but the drop in sugar production resulted in low sugar stocks of 18 986 tons from a production of 194 684 (2023: 29 926 tons from a production of 207 430). A healthy level of closing sugar stocks is necessary to maintain sales and product presence during the off-crop maintenance period and as the new milling season commences.

At the end of FY24, the Company had a net debt position of ZWL246 billion (2023: ZWL136 billion). In order to maintain confidence in the supply chain, management ensured constant engagements with suppliers and agreed on separate payment plans after departing from the normal agreed payment terms. These strategies were successfully executed and post 31 March 2024, the creditors ageing was eventually normalised after receiving inflows from the 30 000 tons of industry raw sugar that was exported into the world market.

The year ended with a cash strapped balance sheet with a debt-to-equity ratio of 13% (2023:11%). The Company's cash position over the previous year's shows a deteriorating position in line with events of underperformance around production, which resulted in high fixed costs per unit and the negative effects of cost pressures which has adverse cashflow trends. Looking at the cash generated against cash required to meet daily operational obligations, there were cashflow gaps during the year which were covered through utilisation of available short term loan facilities.

Trade receivables and payables were largely denominated in USD and were converted to ZWL after applying relevant conversion principles. Comparatives were also rolled forward by applying IAS 29 hyperinflation principles and the resultant trends became a function of currency and CPI dynamics which were embedded in the closing balances. Movements in receivables throughout the years were in line with the level of sales volumes and price changes. Our approach to payables was focused on ensuring efficient allocation of resources to key areas in the critical path, particularly during the period between December 2023 and March 2024 when most cash was required to fund off-crop, an annual maintenance programme necessary to guarantee plant availability for the following season. Through the working capital strategies employed, the Company not only succeeded in readying the plant but unlocked new credit arrangements with suppliers in order to ensure the flow of critical spares for FY25 milling season is not disrupted.

Reflections from the Group Finance Director

Key financial risk factors affecting performance

The primary financial risks to which the Company is exposed are credit, liquidity, fair value, currency, interest rate and pricing market risks. Refer to note 28 for information on financial risk management. These risks are rigorously monitored by management according to the risk management framework, with the board overseeing the process.

On the other side, the continued cost pressure from the exchange rate dynamics, geopolitical inflation and higher input costs, places pressure on margins and necessitates a concerted effort to further reduce costs. In terms of our cost saving programme through project 'Zambuko', the biggest opportunities lie in containing cost increases driven by manpower, out-sourced works, fuel and electricity, which largely occupy our cost of sales.

Looking ahead

Moving forward, our strategy is to optimise industry sugar sales by leveraging anticipated growth metrics. We project an increase in sugar sales, with a normalisation of sales patterns, driven by an expected recovery of sugar production to just above 400 000 tons, with a rise in the amount of sugar cane harvested for crushing and an improvement in throughput, which was hampered by plant breakdowns. Further operational and commercial enhancements have been designed to address past disruptions and capitalise on emerging opportunities for growth in the industry.

The enhanced operational stability achieved following a successful off-crop maintenance programme sets the stage for further efficiency gains. We anticipate factory recoveries, as indicated by the cane-to-sugar ratio, to be in line with the period season, and with an improvement in overall time efficiency to allow all the sugar cane to be crushed with none being carried over to the following season.

Due to cashflow challenges brought by the fluctuations in sales volumes and general liquidity challenges experienced in the country, the Company exited FY24 with borrowings at almost full utilisation of the existing facility, as cash was required to fund working capital requirements. Post 31 March 2024, improvements in cash and cash equivalents were noticeable after the repeal of SI 80 of 2023, with creditors normalised in the first quarter of FY25. While the Company expects better returns driven by positive production performances and a recovery in the commercial environment in FY25, the currency mix between ZWG and USD denominated sales will potentially cause a mismatch if suppliers of goods and services and employees represented by collective bargaining units expect settlements in USD more than what the Company may generate from normal trading sales. However, in order to address some of the liquidity gaps, management will utilise existing facilities. The Company will continue to engage with its

suppliers, customers and employees for a win-win currency mix on settlement and to navigate through these dynamics, a close watch on government pronouncements will be key for compliance and adaptation.

Acknowledgement

I extend my thanks to our finance teams as they supported our business and the wider stakeholder groups. Our role as business partners is to deliver value through growing and protecting the business assets and performing due diligence when accumulating liabilities with robust controls and processes to achieve high standards of governance, compliance and financial reporting.

Throughout the year our dedicated teams adapted quickly to changes across the difficult operating environment, we continue to uphold management excellence. For this, I owe a debt of gratitude to my colleagues for their endurance and tenacity in connecting people in all functions of the business for a better future.

I extend my heartfelt gratitude to my business partners outside finance and the rest of the management team, thanking each and every one of you for your commitment, dedication, and hard work which forms the pillars that uphold our company's values and drive our success. To the board, I thank you for the support and guidance in delivering the company financial strategy. We work and win in teams.



T. Masarakufa

Group Finance Director

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING



Statement of Directors' Responsibility for Financial Reporting

In terms of the Companies and Other Business Entities Act [Chapter 24:31], the Directors are responsible for ensuring that the Group and Company keeps adequate accounting records and prepares financial statements that fairly present the financial position, results of operations and cash flows of the Group and Company and that these are in accordance with International Financial Reporting Standards (IFRS®) Accounting Standards as issued by International Accounting Standards Board (IASB). The auditors are responsible for reporting on the fair presentation of the financial statements. The Group and Company's independent auditors, Ernst & Young, have audited the financial statements and their report appears on pages 56 to 59. The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS®) Accounting Standards (hereafter referred to as 'IFRS') as issued by International Accounting Standards Board (IASB), and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC) and in a manner required by the Zimbabwe Companies and Other Business Entities Act [Chapter 24:31] (COBE).

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the consolidated and separate financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. There was no material break down in the functioning of these control procedures and systems identified during the year under review.

The annual consolidated and separate financial statements are prepared on the going concern basis. The Directors have reviewed the budgets and cash flow forecasts for the year to 31 March 2025 and in light of this review and the current financial position, they are satisfied that the Group and Company have access to adequate resources to continue in operational existence for the foreseeable future.

In light of exchange rate volatilities and hyper-inflationary environment, the Directors and management urge users of the financial statements to exercise due caution. The respective notes mentioned above seek to provide users with more information given the context and the aforementioned guidance.

The consolidated and separate financial statements set out on pages 60 to 138 were approved by the Board of Directors on 19 June 2024 and signed on its behalf by:



C F Dube
Chairman




T.R Masawi
Chief Executive Officer

19 June 2024

Preparer of financial statements

The Group and Company's financial statements have been prepared under the supervision of T Masarakufa, CA (Z).



T Masarakufa

Registered Public Accountant number 848

Directors' Report

The Directors have pleasure in submitting their report and the financial statements of the Group and Company for the year ended 31 March 2024. The Group and Company's Independent Auditors, Ernst & Young, have audited the financial statements and their report appears on pages 56 to 59.

Share capital and reserves

During the year there was no change in the authorised and issued share capital of the Company. At 31 March 2024 the number of authorised shares amounted to 200 million ordinary shares of which 193 020 564 were in issue.

The movement in other components of equity of the Group is as follows:

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Balance at the beginning of the year	(16 972 300)	(25 944 762)	1 136 947	280 425
Exchange (loss)/gain on translation of equity in foreign associated company net of tax	(59 599 133)	8 972 462	28 485 568	856 522
Balance at the end of the year	(76 571 433)	(16 972 300)	29 622 515	1 136 947

Group profit or loss account for the year ended 31 March

	INFLATION ADJUSTED		HISTORICAL COST*	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Profit before tax	781 090 251	796 429 816	1 001 951 135	58 158 744
Income tax expense	(245 956 051)	(266 543 090)	(273 023 038)	(15 356 490)
Profit for the year	535 134 200	529 886 726	728 928 097	42 802 254
Retained earnings brought forward	2 319 225 147	1 931 047 312	52 008 232	12 345 780
Dividend	-	(14 140 032)	-	(393 688)
Actuarial loss on post-retirement provision	(1 052 753 882)	(128 509 979)	(105 220 400)	(2 770 219)
Share based payment	-	941 120	-	24 105
Retained earnings carried forward	1 801 605 465	2 319 225 147	675 715 929	52 008 232

Directors' Report

Dividend

The Company experienced immense competition in the local market from cheap sugar imports, lasting for eight months from May 2023 up until the repeal of Statutory Instrument 80 effective 1 February 2024, squeezing cash resources as excess sugar stocks were redirected to comparatively low yielding export markets. This, together with the working capital requirements of the new cane purchase arrangements for the season and the inability to recover cost pressures due to the relatively lower export prices, placed a strain on the Company's liquidity. As a result, there was an increase in the borrowing levels of the Company and there were delays in settlement of amounts owed to suppliers. For these reasons, and the uplift of Statutory Instrument 80 of 2023 only taking effect on the 1st of February 2024, the Directors have resolved not to declare a dividend for the year ended 31 March 2024.

Directorate

During the year Mr Daniel Leseja Marokane resigned from the Board and Mr Aiden Mhere retired as Chief Executive Officer and Executive Director after a long service to the Company. The Board is grateful for their valuable contribution during their tenure and wish them well in their future endeavours.

Mr Tendai Rosian Masawi was appointed as Chief Executive Officer of the Company, as well as a new Non-Executive Director, Mr Johannes Jacobus van Rooyen. The Board will seek ratification of Mr Johannes Jacobus van Rooyen's appointment at the forthcoming Annual General Meeting.

Directors' fees

At the Annual General Meeting held on 29 September 2023, the members approved that the fees payable to non-executive directors for the year ended 31 March 2024 be fixed at USD3 087 per quarter and USD6 174 for the Chairman, with 60% paid as a retainer and 40% as an attendance fee. Further that the fees payable to non-executive directors as members of the committees for the year ended 31 March 2024 be fixed at USD1 543 per quarter and USD3 087 for the Chairman, with 60% paid as a retainer and 40% as an attendance fee. The non-executive directors representing Tongaat Hulett Limited's interests do not receive directors fees for both the board and committee meetings, as these services are incorporated in the operational support services agreement.

Independent Auditors

The Board re-appointed Ernst & Young as the Group and the Company's external auditors for the current year under audit. Ernst and Young Chartered Accountants was appointed as the Group and Company's external auditors with effect from the beginning of 2022 financial year following completion of Deloitte & Touche' statutory responsibilities for the Group's 2021 financial year.

Preparer of financial statements

The Group and Company's financial statements have been prepared under the supervision of T Masarakufa (Registered Public Accountant number 848).

Approval of financial statements

The Group and Company's financial statements for the year ended 31 March 2024 set out on pages 60 to 138 were approved by the Board of Directors on 19 June 2024 and signed on its behalf by Messrs C F Dube and T.R Masawi.

Going concern basis

The Directors are satisfied that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going-concern basis in preparing the financial statements (refer also to note 27).

By order of the Board,



C F Dube
Chairman



T Masarakufa
Group Finance Director



P Kadembo
Company Secretary

19 June 2024

Audit and Compliance Committee Report

INTRODUCTION - The role of the Audit and Compliance Committee

The Audit and Compliance Committee reviews the annual and interim financial statements before their submission to the Board for approval. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS®) Accounting Standards as issued by the International Accounting Standards Board (IASB), the provisions of the Zimbabwe Companies and Other Business Entities Act [Chapter 24:31] and the relevant statutory instruments (SI 33/19 and SI 62/96) as well as the Zimbabwe Stock Exchange (ZSE) listing requirements. The Audit and Compliance Committee assists the Board in fulfilling its oversight responsibilities. It is responsible for monitoring the adequacy of the Group's internal controls and reporting, including reviewing the audit plans of the Internal and External Auditors, ascertaining the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls, and ensuring that annual and interim financial reporting meet acceptable accounting standards. Currently, the Internal Audit function has been outsourced to an appropriately qualified and reputable professional services firm.

In addition to the executives and managers responsible for finance, compliance and business assurance, the Internal and External Auditors attend meetings of the Audit and Compliance Committee. Both the Internal and External Auditors also have unrestricted access to the Chairman of the Audit and Compliance Committee. The Audit and Compliance Committee meets at least four times a year.

To enable the Directors to discharge their responsibilities, management sets standards and implements systems of internal control aimed at reducing the risk of error or loss in a cost-effective manner. On behalf of the Board, the Group's Internal Auditors independently appraise the Group's internal control systems and report their findings to the Audit and Compliance Committee. The Audit and Compliance Committee is accountable to and makes recommendations to the Board for its activities and responsibilities.

External Auditors

Ernst & Young are the External Auditors responsible for the audit of the financial statements for the year ended 31 March 2024. In order to be able to rely on the work performed by the External Auditors, the Audit and Compliance Committee has properly monitored Ernst & Young's activity, by requesting oral and written reports, reviewing the External Auditor's deliverables and making further inquiries before signing-off financial statements. The Audit and Compliance Committee held discussions with the External Auditors during the year, in order to keep the Audit and Compliance Committee briefed on the audit progress and any key audit matters requiring attention.

The Audit and Compliance Committee received assurance that the audit process was conducted in accordance with the audit plan, with full support from management. The Audit and Compliance Committee also regularly assesses the External Auditor's independence, including the absence of conflicts of interest.

Financial Reporting

There was no material break down in the functioning of control procedures and systems identified during the year under review. The annual consolidated and separate financial statements were prepared on the going concern basis. The Directors reviewed the budgets and cash flow forecasts for the year to 31 March 2025 and in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The Audit and Compliance Committee reviewed and discussed the key audit matters raised by the External Auditors in their audit opinion for the year ended 31 March 2024 and were satisfied that these did not result in any material misstatements to the financial statements. The key audit matters which are detailed in the independent auditor's report are as follows:

Valuation of inventory in accordance with IAS 2

In preparing the financial statements, the Group and the Company has used appropriate accounting policies consistently supported by reasonable and prudent judgements and estimates and has complied with all applicable accounting standards. The Audit and Compliance Committee is of the opinion that the financial statements fairly present the financial position of the Group and the Company at 31 March 2024 and its financial performance for the year ended 31 March 2024.

Key Activities in the Financial Year

The Audit and Compliance Committee's work for the year under review entailed reviewing, recommending and approving a wide range of matters including the following:

- Monitoring the quality and accuracy of financial reporting and compliance with IFRS® in respect of financial practices and policies;
- Considered the going concern status of the Group and the Company and recommended the financial statements to the Board for approval;
- Monitoring action taken by management to resolve issues reported by Internal and External Auditors;
- Continuous engagement with the External Auditors to oversee independence and audit quality;
- The Audit and Compliance Committee reviewed various reports from the Internal Audit on the internal audit work undertaken against the agreed work plan, their findings,

Audit and Compliance Committee Report

- Received reports on identified fraud cases and noted that no major occurrences were reported during the year. The work covered investigations on reports from the the third party whistle blowing service and those received directly from whistle blowers;
- Provided oversight over Information and Communication Technology (ICT) governance and network security;
- Provided oversight over the Company's tax affairs through reports on tax health checks and tax litigation matters; and
- Provided oversight over the company's treasury matters relating to borrowings and banking arrangements.



D K Shinya

Audit Committee Chairman

19 June 2024

Independent Auditor's Report



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

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Fax: +263 24 2750707 or 2773842
Email: admin@zw.ey.com
www.ey.com

To the Shareholders of Hippo Valley Estates Limited

Report on the Audit of the inflation Adjusted Consolidated and Separate Financial Statements

Opinion

We have audited the inflation adjusted consolidated and separate financial statements of Hippo Valley Estates Limited and its subsidiaries ('the Group and Company') set out on pages 60 to 138, which comprise the inflation adjusted consolidated and separate statement of financial position as at 31 March 2024, and the inflation adjusted consolidated and separate statement of profit or loss and other comprehensive income, the inflation adjusted consolidated and separate statement of changes in equity and the inflation adjusted consolidated and separate statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated and separate financial statements, including material accounting policy information.

In our opinion, the inflation adjusted consolidated and separate financial statements present fairly, in all material respects, the inflation adjusted consolidated and separate financial position of the Group and the Company as at 31 March 2024, and its inflation adjusted consolidated and separate financial performance and inflation adjusted consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies and Other Business Act of Zimbabwe Chapter 24:31.

Basis for Opinion

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 inflation adjusted consolidated and separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with International Code of ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of inflation adjusted financial statements of the Group and the Company in Zimbabwe. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate inflation adjusted financial statements section of our report, including in relation to these matters. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the Audit of the inflation adjusted consolidated and separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the matter
<p>1. Valuation of Sugar Inventory</p> <p>As disclosed on Note 8 of the annual financial statements, the inflation-adjusted balance for sugar inventory is significant, amounting to ZWL 306 582 865 000 as of the reporting date, with a prior year comparative of ZWL 551 352 769 000. The valuation of this inventory is complex due to the unique steps involved in determining the production costs and the subsequent calculation of the lower of Net Realizable Value (NRV) or cost.</p> <p>The valuation of sugar inventory includes cane costs which arise from deliveries by out-grower farmers under Cane Milling Agreement (CMA) and Cane Purchase Agreement (CPA) as well as own grown cane. The other costs included in the valuation of inventory is milling costs which is an accumulation of various cost elements.</p> <p>Costs for own-grown cane are determined at the point of harvest, in line with IAS 41 and IAS 2 which requires transfers from biological assets to inventories to be recorded at fair value less costs to sell.</p> <p>The fair valuation process includes significant judgements, estimates and assumptions relating to the sucrose content, expected yield per field, extraction ratios, selling prices and costs to sale, some of which are Level 3 inputs (unobservable).</p> <p>For out-growers, cane purchase costs are based on contractual agreements, with the cost being fixed throughout for CPA and the cost being adjusted monthly until the final price is determined for CMA. In determining the cane cost from out-grower farmers under the CMA, the entity determines the costs for the current year deliveries based on Mill-Door Price (MDP). Changes in MDP results in top-ups on a monthly basis. These top-ups are accounted for in the value of inventory for both the current and prior year deliveries which have not yet been sold. The valuation process is complicated by these various ways to determine respective costs of cane used in the production of the sugar.</p> <p>The Group and Company uses a weighted average cost method to determine the cost of inventory production. Determining inventory production costs is a complex process that requires significant audit attention due to the large number of cost variables involved in the valuation process.</p> <p>Due to the large number of complex cost variables involved in the valuation process and the materiality of the sugar inventory balance to the financial statements, we have determined that the valuation of sugar inventory is a Key Audit Matter.</p>	<p>We recalculated own cane costs based on the Estimated Recoverable Crystal (ERC) tonnage determined from the cane delivered for crushing to the mill from the sugar cane fields and the related fair value less costs to sell at the point of harvest.</p> <p>We evaluated the data on which the fair value less costs to sell is based to confirm that the estimate (i) is accurate, (ii) is complete, and (iii) is relevant for purposes of IAS 41 by performing recalculations, inspecting source documents, and physically inspecting the cane fields.</p> <p>The following are the inputs that feed into the fair value calculation:</p> <ol style="list-style-type: none"> i. Estimated Residual Crystal (ERC) ii. Division of proceeds (DOP) iii. Average Mill-door price (MDP) iv. Average yield per hectare v. Equivalent hectareage of cane <p>We recomputed out grower cane costs at a disaggregated level as follows; Recalculated the cane purchases costs based on CPA prices and cane tonnage delivered through the CPA agreement period.</p> <p>Recalculated the cane purchases costs using MDPs (including the top ups) and ERC tonnage and molasses tonnage obtained from cane delivered through the CMA agreement.</p> <p>We performed testing of controls to confirm accuracy and completeness of the following non- financial data points;</p> <ul style="list-style-type: none"> • ERC tonnage • Cane tonnage • Farmers listing <p>Our audit procedures involved testing the reliability of the underlying data, reviewing contractual agreements, and analysing the consistency of the cost allocation.</p> <p>We assessed the appropriateness of inventory valuation accounting policy applied by management to ensure it is in line with IAS 2.</p> <p>We recomputed the weighted average production costs, compared against the NRV and applied the lower of the two for inventory valuation.</p>

Independent Auditor's Report

Other Information

The directors are responsible for the other information. The other information comprises the information included in document titled Hippo Valley Estates Limited Annual Report 2024 which includes the consolidated financial summary, the Management and Administration information, Statistical Summary, Chairman's statement and Chief Executive Review, Sustainability Report, Statement of Director's Responsibility for Financial Reporting, Corporate Governance, Directors' Report, the Audit Committee's Report. The other information does not include the inflation adjusted consolidated and separate financial statements and our auditor's reports thereon.

Our opinion on the inflation adjusted consolidated and separate 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 inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate 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. We have nothing to report in this regard.

Responsibilities of the Directors for the inflation adjusted consolidated and separate Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by International Accounting Standards Board (IASB) and the requirements of the Companies and other Business Act (Chapter 24:31), and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company'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 and the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the inflation adjusted consolidated and separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate 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 inflation adjusted consolidated and separate financial statements.

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

Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate 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 and the Company'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

Independent Auditor's Report

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 inflation adjusted consolidated and separate 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 inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate 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 and the Company to express an opinion on the inflation adjusted consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and company audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate 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.

The engagement partner on the audit engagement resulting in this independent auditor's report on the inflation adjusted consolidated and separate financial information is Mr David Marange (PAAB Practicing certificate number 436).



Ernst & Young

Chartered Accountants (Zimbabwe) Registered Public Auditors

Harare

19 June 2024

Consolidated Statement of Financial Position

As at 31 March 2024		INFLATION ADJUSTED		HISTORICAL COST*	
	Notes	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000 Restated^	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000 Restated^
ASSETS					
Non-current assets					
Property, plant and equipment	4.3	981 293 649	847 125 309	27 964 483	3 598 123
Intangible assets	4.6	758 418	6 679 359	9 413	7 797
Investments in associate companies	5	37 428 930	89 970 849	37 428 930	1 417 852
Right of use asset	4.9	391 430	1 858 051	53 841	47 863
		1 019 872 427	945 633 568	65 456 667	5 071 635
Current assets					
Biological assets	6	891 007 545	1 701 681 671	891 007 545	55 306 063
Inventories	8	711 082 101	864 540 285	255 049 667	21 353 886
Trade and other receivables	7	925 794 970	759 667 841	797 668 678	24 112 831
Amount owing by group companies^	24.1	153 847 816	164 222 292	153 847 816	5 337 360
Cash and cash equivalents		28 991 709	148 892 670	28 991 709	4 839 135
		2 710 724 141	3 639 004 759	2 126 565 415	110 949 275
Total assets		3 730 596 568	4 584 638 327	2 192 022 082	116 020 910
EQUITY AND LIABILITIES					
Capital and reserves					
Issued share capital	9.1	119 649 067	119 649 067	15 442	15 442
Other components of equity	9.3.1	(76 571 433)	(16 972 300)	29 622 515	1 136 947
Retained earnings		1 801 605 465	2 319 225 147	675 715 929	52 008 232
		1 844 683 099	2 421 901 914	705 353 886	53 160 621
Non-current liabilities					
Deferred tax liabilities	10.1	556 273 243	649 520 521	158 748 334	13 683 014
Provisions	12.1	151 152 983	157 797 995	151 152 983	5 128 566
Lease liability	13	716 319	2 592 089	716 319	84 245
		708 142 545	809 910 605	310 617 636	18 895 825
Current liabilities					
Trade and other payables	11	716 252 256	1 011 469 366	714 531 892	32 870 098
Leave pay provision	12.2	62 911 505	29 439 632	62 911 505	956 812
Lease liability	13	1 320 532	1 569 728	1 320 532	51 017
Borrowings	14.1	274 725 210	284 996 380	274 725 210	9 262 618
Current tax liability		116 803 343	20 829 463	116 803 343	676 975
Provisions	12.1	299 045	4 521 239	299 045	146 944
Amount owing to group companies	24.1	5 459 033	-	5 459 033	-
		1 177 770 924	1 352 825 808	1 176 050 560	43 964 464
Total equity and liabilities		3 730 596 568	4 584 638 327	2 192 022 082	116 020 910

*IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial statements. However, the historical cost results are included as supplementary information to allow for some user requirements. As a result, the auditors have not expressed an opinion on this historical information.

^This relates to loans advanced to and repayable by Triangle Limited (Triangle) and the Lowveld Sugarcane Development Trust (LSDT). This balance for Triangle was previously incorrectly included under trade and other receivables. This has now been disclosed separately as amounts owed by related parties and correct disclosure has been made under note 24.1: Related Party Transaction and Balances.



C F Dube
Chairman



T.R Masawi
Chief Executive Officer



T Masarakufa
Group Finance Director


Company Statement of Financial Position

As at 31 March 2024		INFLATION ADJUSTED		HISTORICAL COST*	
		Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000 Restated [^]	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000 Restated [^]
ASSETS					
Non-current assets		999 323 765	872 542 986	28 029 455	3 655 501
Property, plant and equipment	4.3	981 293 649	847 125 309	27 964 483	3 598 123
Intangible assets	4.6	758 418	6 679 359	9 413	7 797
Investments in associate companies		16 880 268	16 880 267	1 718	1 718
Right of use asset	4.9	391 430	1 858 051	53 841	47 863
Current assets		2 710 724 141	3 639 004 759	2 126 565 415	110 949 275
Biological assets	6	891 007 545	1 701 681 671	891 007 545	55 306 063
Inventories	8	711 082 101	864 540 285	255 049 667	21 353 886
Trade and other receivables	7	925 794 970	759 667 841	797 668 678	24 112 831
Amount owing by group companies [^]	24.1	153 847 816	164 222 292	153 847 816	5 337 360
Cash and cash equivalents		28 991 709	148 892 670	28 991 709	4 839 135
Total assets		3 710 047 906	4 511 547 745	2 154 594 870	114 604 776
EQUITY AND LIABILITIES					
Capital and reserves		1 830 865 340	2 356 108 270	674 657 858	51 981 923
Issued capital	9.1	119 649 067	119 649 067	15 442	15 442
Other components of equity	9.3.2	(16 349 755)	(16 349 755)	50 794	50 794
Retained earnings		1 727 566 028	2 252 808 958	674 591 622	51 915 687
Non-current liabilities		701 411 642	802 613 667	303 886 451	18 658 389
Deferred tax liabilities	10.2	549 542 340	642 223 583	152 017 149	13 445 578
Provisions	12.1	151 152 983	157 797 995	151 152 983	5 128 566
Lease liability	13	716 319	2 592 089	716 319	84 245
Current liabilities		1 177 770 924	1 352 825 808	1 176 050 561	43 964 464
Trade and other payables	11	716 252 256	1 011 469 366	714 531 892	32 870 098
Leave pay provision	12.2	62 911 505	29 439 632	62 911 505	956 812
Borrowings	14.1	274 725 210	284 996 380	274 725 210	9 262 618
Current tax liability		116 803 343	20 829 463	116 803 343	676 975
Lease Liability	13	1 320 532	1 569 728	1 320 532	51 017
Provisions	12.1	299 045	4 521 239	299 045	146 944
Amount owing to group companies	24.1	5 459 033	-	5 459 033	-
Total equity and liabilities		3 710 047 906	4 511 547 745	2 154 594 870	114 604 776

*IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial statements. However, the historical cost results are included as supplementary information to allow for some user requirements. As a result, the auditors have not expressed an opinion on this historical information.

[^]This relates to loans advanced to and repayable by Triangle and LSDT. This balance for Triangle was previously incorrectly included under trade and other receivables. This has now been disclosed separately as amounts owed by related parties and correct disclosure has been made under note 24.1: Related Party Transaction and Balances.


C.F. Dube
Chairman


T.R. Masawi
Chief Executive Officer


T. Masarakufa
Group Finance Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024		INFLATION ADJUSTED		HISTORICAL COST*	
		Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
	Notes				
Revenue	25	7 509 396 798	4 284 860 880	1 337 882 807	100 578 926
Cost of sales	15	(6 068 265 902)	(2 600 588 421)	(648 965 397)	(51 649 077)
Gross profit		1 441 130 896	1 684 272 459	688 917 410	48 929 849
Marketing and selling expenses	15	(252 662 442)	(422 434 007)	(26 374 415)	(10 126 216)
Administrative and other expenses	15	(1140 425 257)	(1 012 433 351)	(222 408 229)	(26 361 850)
Expected credit losses	7	(15 066 838)	(37 202 115)	(15 066 838)	(1 209 100)
Fair value adjustment on biological assets	6	(810 674 126)	580 559 649	835 701 482	44 540 920
Other operating (expenses)/income	15	(496 040 461)	3 983 910	(174 789 640)	(580 548)
Operating (loss)/profit	15	(1 273 738 228)	796 746 545	1 085 979 770	55 193 055
Net monetary gain/(loss)		2 647 217 116	(116 295 257)	-	-
Net finance (charges)/income	16	(597 816 304)	99 137 620	(89 456 302)	2 544 098
Finance cost		(831 777 366)	(228 915 380)	(283 370 501)	(5 134 354)
Finance income		233 961 062	328 053 000	193 914 199	7 678 452
		775 662 584	779 588 908	996 523 468	57 737 153
Share of associate companies' profit after tax	20.1	5 427 667	16 840 908	5 427 667	421 591
Profit before tax		781 090 251	796 429 816	1 001 951 135	58 158 744
Income tax expense	17.1	(245 956 051)	(266 543 090)	(273 023 038)	(15 356 490)
Profit for the year		535 134 200	529 886 726	728 928 097	42 802 254
Other comprehensive loss		(1 112 353 015)	(119 537 517)	(76 734 832)	(1 913 697)
Items that may be reclassified subsequently to profit or loss					
- Exchange (loss)/gain on translation of equity in foreign investment		(53 105 385)	15 204 338	34 979 316	1 059 063
-Tax effect		(6 493 748)	(6 231 876)	(6 493 748)	(202 541)
Items that will not be classified subsequently to profit or loss					
- Actuarial losses on post-retirement provision		(1 398 450 959)	(170 709 324)	(139 772 051)	(3 679 887)
-Tax effect		345 697 077	42 199 345	34 551 651	909 668
Total comprehensive (loss)/ income for the year		(577 218 815)	410 349 209	652 193 265	40 888 557
Basic and diluted earnings per share (ZWL cents)	18.1	277 241	274 523	377 642	22 175
Headline earnings per share (ZWL cents)	18.1	279 031	274 772	377 200	22 181

* IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial statements. However, the historical cost results are included as supplementary information to allow for some user requirements. As a result, the auditors have not expressed an opinion on this historical information.

Company Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024		INFLATION ADJUSTED		HISTORICAL COST*	
	Notes	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Revenue	25	7 509 396 798	4 284 860 880	1 337 882 807	100 578 926
Cost of sales	15	(6 068 265 902)	(2 600 588 421)	(648 965 397)	(51 649 077)
Gross profit		1 441 130 896	1 684 272 459	688 917 410	48 929 849
Marketing and selling expenses	15	(252 662 442)	(422 434 007)	(26 374 415)	(10 126 216)
Administrative and other expenses	15	(1 140 425 257)	(1 012 433 351)	(222 408 229)	(26 361 850)
Expected credit losses	7	(15 066 838)	(37 202 115)	(15 066 838)	(1 209 100)
Fair value adjustment on biological assets	6	(810 674 126)	580 559 649	835 701 482	44 540 920
Other operating (expenses)/income	15	(496 040 461)	3 983 910	(174 789 640)	(580 548)
Operating (loss)/profit		(1 273 738 228)	796 746 545	1 085 979 770	55 193 055
Dividends received		4 864 202	10 927 834	4 395 905	320 971
Net Monetary gain/(loss)		2 647 217 116	(118 887 823)	-	-
Net finance (charges)/income	16	(597 816 304)	99 137 620	(89 456 302)	2 544 098
Finance costs		(831 777 366)	(228 915 380)	(283 370 501)	(5 134 354)
Finance income		233 961 062	328 053 000	193 914 199	7 678 452
Profit before tax		780 526 786	787 924 176	1 000 919 373	58 058 124
Income tax expense	17.1	(253 015 834)	(266 543 090)	(273 023 038)	(15 356 490)
Profit for the year		527 510 952	521 381 086	727 896 335	42 701 634
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
- Actuarial loss on post-retirement provision		(1 398 450 959)	(170 709 324)	(139 772 051)	(3 355 469)
- Tax effect		345 697 077	42 199 345	34 551 651	585 250
Total comprehensive (loss)/income for the year		(525 242 930)	392 871 107	622 675 935	39 931 415
Basic and diluted earnings per share (ZWL cents)	18.2	273 292	270 116	377 107	22 123
Headline earnings per share (ZWL cents)	18.2	275 082	270 365	376 666	22 129

* IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial statements. However, the historical cost results are included as supplementary information to allow for some user requirements. As a result, the auditors have not expressed an opinion on this historical information.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

INFLATION ADJUSTED

GROUP STATEMENT OF CHANGES IN EQUITY

	Issued share capital ZWL'000	Other components of equity ZWL'000	Retained earnings ZWL'000	Total ZWL'000
Balance at 31 March 2022	119 649 067	(25 944 764)	1 931 047 312	2 024 751 617
Total comprehensive income for the year	-	8 972 462	401 376 747	410 349 209
Profit for the year	-	-	529 886 726	529 886 726
Other comprehensive income / (loss) for the year	-	8 972 462	(128 509 979)	(119 537 517)
Dividend (note 19)	-	-	(14 140 032)	(14 140 032)
Share based payment	-	-	941 120	941 120
Balance at 31 March 2023	119 649 067	(16 972 300)	2 319 225 147	2 421 901 914
Total comprehensive loss for the year	-	(59 599 133)	(517 619 682)	(577 218 815)
Profit for the year	-	-	535 134 200	535 134 200
Other comprehensive loss for the year	-	(59 599 133)	(1 052 753 882)	(1 112 353 015)
Balance at 31 March 2024	119 649 067	(76 571 433)	1 801 605 465	1 844 683 099

HISTORICAL COST*

GROUP STATEMENT OF CHANGES IN EQUITY

	Issued share capital ZWL'000	Other components of equity ZWL'000	Retained earnings ZWL'000	Total ZWL'000
Balance at 31 March 2022	15 442	280 425	12 345 780	12 641 647
Total comprehensive income for the year	-	856 522	40 032 035	40 888 557
Profit for the year	-	-	42 802 254	42 802 254
Other comprehensive income/(loss) for the year	-	856 522	(2 770 219)	(1 913 697)
Dividend (note 19)	-	-	(393 688)	(393 688)
Share based payment	-	-	24 105	24 105
Balance at 31 March 2023	15 442	1 136 947	52 008 232	53 160 621
Total comprehensive income for the year	-	28 485 568	623 707 697	652 193 265
Profit for the year	-	-	728 928 097	728 928 097
Other comprehensive income/(loss) for the year	-	28 485 568	(105 220 400)	(76 734 832)
Balance at 31 March 2024	15 442	29 622 515	675 715 929	705 353 886

* IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial statements. However, the historical cost results are included as supplementary information to allow for some user requirements. As a result, the auditors have not expressed an opinion on this historical information.

Company Statement of Changes in Equity

For the year ended 31 March 2024

INFLATION ADJUSTED

	Issued share capital ZWL'000	Other components of equity ZWL'000	Retained earnings ZWL'000	Total ZWL'000
Balance at 31 March 2022	119 649 067	(16 349 755)	1 873 136 763	1 976 436 075
Comprehensive income for the year	-	-	392 871 107	392 871 107
Profit for the year	-	-	521 381 086	521 381 086
Other comprehensive loss	-	-	(128 509 979)	(128 509 979)
Dividend (note 19)	-	-	(941 120)	(941 120)
Share based payment expense	-	-	(14 140 032)	(14 140 032)
Balance at 31 March 2023	119 649 067	(16 349 755)	2 252 808 958	2 356 108 270
Comprehensive loss for the year	-	-	(525 242 930)	(525 242 930)
Profit for the year	-	-	527 510 952	527 510 952
Other comprehensive loss	-	-	(1 052 753 882)	(1 052 753 882)
Balance at 31 March 2024	119 649 067	(16 349 755)	1 727 566 028	1 830 865 340

HISTORICAL COST*

	Issued share capital ZWL'000	Other components of equity ZWL'000	Retained earnings ZWL'000	Total ZWL'000
Balance at 31 March 2022	15 442	50 794	12 353 855	12 420 091
Comprehensive income for the year	-	-	39 931 415	39 931 415
Profit for the year	-	-	42 701 634	42 701 634
Other comprehensive loss	-	-	(2 770 219)	(2 770 219)
Dividend (note 19)	-	-	(393 688)	(393 688)
Share based payment expense	-	-	24 105	24 105
Balance at 31 March 2023	15 442	50 794	51 915 687	51 981 923
Comprehensive income for the year	-	-	622 675 935	622 675 935
Profit for the year	-	-	727 896 335	727 896 335
Other comprehensive loss	-	-	(105 220 400)	(105 220 400)
Balance at 31 March 2024	15 442	50 794	674 591 622	674 657 858

* IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial statements. However, the historical cost results are included as supplementary information to allow for some user requirements. As a result, the auditors have not expressed an opinion on this historical information.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Notes	INFLATION ADJUSTED		HISTORICAL COST*	
		Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000 Restated [^]	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000 Restated [^]
Cash flows from operating activities					
Cash generated from operations	20.1	284 698 588	456 483 570	130 585 392	13 540 938
Changes in working capital [^]	20.1.1	(289 855 911)	(320 534 706)	(266 999 826)	(10 131 867)
Net cash (utilised by) / generated from operations		(5 157 323)	135 948 864	(136 414 434)	3 409 071
Net finance income received/(finance charge paid)		9 064 390	86 797 672	(2 940 088)	2 385 836
Interest paid		(37 711 190)	(61 203 849)	(9 668 804)	(1 507 371)
Interest received		46 775 580	148 001 521	6 728 716	3 893 207
Tax paid		(48 982 089)	(143 954 380)	(4 269 180)	(3 103 145)
Net cash (outflow) / inflow from operating activities		(45 075 022)	78 792 156	(143 623 702)	2 691 762
Cash flows from investing activities					
Additions to property, plant, equipment and intangible assets		(164 632 378)	(104 518 577)	(24 752 166)	(2 719 018)
- Other property, plant, equipment and intangible assets		(53 411 803)	(48 596 222)	(9 482 453)	(1 341 143)
- Cane roots		(111 220 575)	(55 922 355)	(15 269 713)	(1 377 875)
Loan advances to related parties [^]		(175 603 884)	(307 127 614)	(18 683 583)	(8 569 532)
Loan repayments by related parties [^]		120 858 426	124 004 800	15 642 394	3 682 976
Proceeds on disposal of property, plant and equipment	20.3	1 490 890	-	929 033	-
Dividends received from associated companies	20.2	4 864 202	10 927 834	4 395 905	320 971
Net cash outflow from investing activities		(213 022 744)	(276 713 557)	(22 468 417)	(7 284 603)
Net cash outflow before financing activities		(258 097 766)	(197 921 401)	(166 092 119)	(4 592 841)
Cash flows from financing activities					
Repayment of borrowings		(1 201 996 348)	(338 450 263)	(176 220 276)	(7 295 786)
Proceeds from borrowings		1 342 356 132	485 075 832	179 636 617	10 456 513
Dividends paid	19	-	(14 140 032)	-	(393 688)
Lease payments		(1 706 857)	(1 231 329)	(357 131)	(23 688)
Net cash inflow from financing activities		138 652 927	131 254 208	3 059 210	2 743 351
Movement in cash and cash equivalents					
Cash and cash equivalents at beginning of year		148 892 670	80 253 688	4 839 135	770 606
Net cash (outflow) / inflow from operating activities		(45 075 022)	78 792 156	(143 623 702)	2 691 762
Net cash outflow from investing activities		(213 022 744)	(276 713 557)	(22 468 417)	(7 284 603)
Net cash inflow from financing activities		138 652 927	131 254 208	3 059 210	2 743 351
Inflation effects on cash and cash equivalents		(187 641 605)	(108 499 931)	-	-
Net foreign exchange difference		187 185 483	243 806 106	187 185 483	5 918 019
Cash and cash equivalents at end of year		28 991 709	148 892 670	28 991 709	4 839 135
Consisting of:		28 991 709	148 892 670	28 991 709	4 839 135
Cash at bank		28 844 010	148 761 018	28 844 010	4 834 856
Cash on hand		147 699	131 652	147 699	4 279

*IAS 29 discourages the publication of historical results as the inflation adjusted results are the primary financial statements. However, the historical cost results are included as supplementary information to allow for some user requirements. As a result, the auditors have not expressed an opinion on this historical information.

[^] This relates to loans advanced to and repaid by Triangle and LSDT. The loan for Triangle was previously reported under operating activities, this has now been reclassified to investing activities due to the nature of the receivable which is a loan receivable to enhance understanding. The correct disclosure has been made under note 24.1: Related Party Transaction and Balances.

Company Statement of Cash Flows

For the year ended 31 March 2024

		INFLATION ADJUSTED		HISTORICAL COST*	
		Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000 Restated [^]	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000 Restated [^]
	Notes				
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	Loan repayments by related parties [^]	24.1	120 858 426	(124 004 800)	15 642 394
	Proceeds on disposal of property, plant, equipment and intangible assets	20.3	1 490 890	-	929 033
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	Net foreign exchange difference		187 185 483	243 806 106	187 185 483
Cash and cash equivalents at end of year			28 991 709	148 892 670	28 991 709
Comprising of:			28 991 709	148 892 670	28 991 709
	Cash at bank		28 844 010	148 761 018	28 844 010
	Cash on hand		147 699	131 652	147 699

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Significant Accounting Policies to the Consolidated and Separate Financial Statements

1. Statement of compliance and basis of preparation

In terms of the Companies and Other Business Entities Act [Chapter 24:31], the Directors are responsible for ensuring that the Company keeps adequate accounting records and prepares financial statements that fairly present the financial position, results of operations and cash flows of the Company and that these are in accordance with International Financial Reporting Standards (IFRS[®]) Accounting Standards (hereafter referred to as IFRS) as issued by International Accounting Standards Board (IASB).

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS[®]) Accounting Standards as issued by the IASB Accounting Standards (hereafter referred to as IFRS), and interpretations developed and issued by the International Financial Reporting Interpretations Committee (IFRIC) and in a manner required by the Zimbabwe Companies and Other Business Entities Act [Chapter 24:31] (COBE). The financial statements are based on statutory records that are maintained under the historical cost convention except for the valuation at fair value at the end of each reporting period for certain assets, and adjusted for the effects of applying IAS 29: Financial Reporting in Hyperinflationary Economies ("IAS 29"). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the date of the transaction. Appropriate adjustments and reclassifications including restatement for changes in the general purchasing power of the Zimbabwe Dollar for purposes of fair presentation in accordance with IAS 29, have been made in these financial statements to the historical cost financial information (see accounting policy note 4). Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Group and Company. The historical cost financial statements have been provided as supplementary information. The preparation of financial statements in conformity with IAS 29 requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

When measuring the fair value of an asset or liability, the Group and Company use observable market data as far as possible. Fair value measurements are categorised into Level 1, 2 or 3 based on the inputs used in the valuation as follows:

- **Level 1 inputs** - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2 inputs**- are inputs, other than quoted prices included within Level 1, that are observable for the asset

or liability, either directly or indirectly are used in the valuation of livestock; and

- **Level 3 inputs**- are unobservable inputs for the asset or liability, applied on the valuation of standing cane and fruit orchards.

The Group and Company have adopted all the new or revised accounting pronouncements as issued by the IASB which were effective for the Group and Company for the current financial year. The adoption of these standards had no recognition and measurement impact on the financial results.

Where there is no guidance from a specific IFRS relating to a particular accounting matter, the Group and Company default to the Conceptual Framework for Financial Reporting in formulating its accounting policies.

2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, associates and joint operations as at 31 March 2024. 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:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and 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:
 - The contractual arrangement(s) with the other vote holders of the investee;
 - Rights arising from other contractual arrangements;
 - 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 off during the year are included in the

Significant Accounting Policies to the Consolidated and Separate Financial Statements

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 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 to bring their accounting policies in line with the Group and Company's accounting policies. All intra-group 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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

In the separate financial statements, investments are accounted for at cost.

3. Functional currency

The consolidated and separate financial statements are presented in Zimbabwean Dollars (ZWL) which is the Group and Company's functional and presentation currency.

4. Financial Reporting in Hyperinflationary Economies

In February 2019, the Government of Zimbabwe Promulgated SI 33 of 2019, which recognised the Zimbabwe Dollar (ZWL) as a currency amongst the multi currencies used in Zimbabwe. SI 142 of 24 June 2019 abolished the multicurrency regime and made the ZWL the sole currency for use within the Zimbabwean economy. This change resulted in most entities including the Company changing their functional currencies from the USD to ZWL. The ZWL was however losing value significantly which resulted in the PAAB pronouncing the Zimbabwean economy to be hyperinflationary in October 2019. As a result, all entities with ZWL as a functional currency were required to prepare their accounts in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies. The PAAB further advised entities to make use of the ZWL CPI as the general price index for use in hyperinflating ZWL historical numbers.

In the year 2020, government through Statutory instrument 185 of 2020, reintroduced the USD as a legal tender in Zimbabwe, thereby making both the ZWL and USD acceptable in trade. As a result, entities had to assess which one of the two currencies was their functional currency. For entities which remained with the ZWL as their functional currency, they had to continue preparing Hyperinflationary accounts whilst those with USD as their functional currency ceased applying IAS 29. The Company continued to have the ZWL as its functional currency, thus continued applying IAS 29.

Due to the economy being multicurrency, in 2020 ZIMSTAT began issuing two CPIs, being a CPI for ZWL only and a blended CPI for both ZWL and USD. For the purposes of financial reporting, an assessment was conducted by ICAZ to determine which of the two CPIs was appropriate for IAS 29 computations. A conclusion was reached back then that the blended CPI was not appropriate for IAS 29 and only the ZWL CPI should be used. Guidance to that effect was issued by Institute of Chartered Accountants of Zimbabwe (ICAZ).

Since then, the USD has increasingly become the medium of exchange within the Zimbabwean economy. As a result, on 3 March 2023, the government of Zimbabwe gazetted SI 27 of 2023 which is cited as the Census and Statistics (General) Notice, 2023, which revised the definition of inflation to "rate of inflation" means the general increase in price levels of goods and services measured as a weighted average based on the use of ZWL and USD over a given period of time. The resultant effect of this SI was that ZIMSTAT ceased the release of pure ZWL Inflation and CPI figures (last release was for January 2023) and is now only releasing a blended CPI being a weighted average CPI for both USD and ZWL blended figures.

As concluded in the ICAZ paper, the blended CPI is not appropriate for the application of IAS 29. The suspension of the release of ZWL CPI therefore left the Company with no official ZWL CPI to use for IAS 29 reporting.

Given the Company has a 31 March year end, the entity needed to be able to make inflation adjustments for February and March 2023 for the purposes of year end reporting. Stemming from this, management made the decision to make use of movement in exchange rates to estimate the CPI and adjusting factors for use in the compilation of inflation adjusted financial statements. Subsequent to this, the ICAZ APC (Accounting Procedures Committee) concluded on guidance for the market that advised practitioners to make use of movements in Total Consumption Poverty Line (TCPL) for the purposes of estimating adjustment factors for use in preparing financial statements. As a result, most of the market and

Significant Accounting Policies to the Consolidated and Separate Financial Statements

external auditors are making use of TCPL for the purposes of determining the adjusting factors for reporting.

For the year ended 31 March 2023, the Company made use of exchange rates as the General Price Index (GPI) given neither ICAZ nor PAAB had issued any form of guidance in relation to reporting for entities without official ZWL CPI statistics. Subsequent to the Company's decision and application of exchange rates as GPI, the ICAZ APC concluded and advised that entities reporting under hyperinflation should make use of TCPL as an estimate.

For the year ended 31 March 2024, the Company changed the CPI estimation method to make use of TCPL as a way of achieving comparability with other entities in the Zimbabwean economy, which aligns with enhancing characteristics of financial statements (Conceptual Framework 2.23 – 2.29).

Hyperinflationary accounting requires transactions and balances of each reporting period to be presented in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the year. Following the abolishment of the ZWL CPI, the Group and Company elected to use the TCPL to estimate CPI to restate amounts as it most closely resembles the movements in ZWL CPI prior to its abolishment.

The carrying amounts of non-monetary assets and liabilities carried at historic cost have been restated to reflect the change in the general price index from the date of acquisition to the end of the reporting period. No adjustment has been made for those non-monetary assets and liabilities measured at fair value. An impairment is recognised in profit or loss if the remeasured amount of a non-monetary asset exceeds the recoverable amount.

All items recognised in the statement of profit or loss and other comprehensive income are restated by applying the change in the average monthly general price index when the items of income and expenses were initially earned or incurred.

Gains or losses on the net monetary position have been recognised as part of profit or loss before tax in the statement of profit or loss and other comprehensive income.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The selection of a GPI for hyperinflation accounting is provided for in IAS 29 paragraph 37. The standard states

that, “the restatement of financial statements requires the use of a general price index that reflects changes in general purchasing power”.

Date	Estimated TCPL	Conversion Factor
Apr-23	17,901.62	27.73
May-23	21,630.44	22.95
Jun-23	49,391.64	10.05
Jul-23	53,928.38	9.20
Aug-23	49,332.95	10.06
Sep-23	51,716.21	9.60
Oct-23	56,922.07	8.72
Nov-23	62,349.36	7.96
Dec-23	75,980.92	6.53
Jan-24	107,796.87	4.60
Feb-24	299,446.44	1.66
Mar-24	496,359.13	1.00

The conversion factors used to restate the consolidated and separate financial statements for the year ended 31 March 2024 are as follows:

Date	General Price Index	Conversion Factor
31 March 2022	4 766.10	104.14
31 March 2023	16 132.08	30.77
31 March 2024	496 359.13	1.000

Average TCPL for 12 months to:

31 March 2022	3 582.86
31 March 2023	11 860.28
31 March 2024	111 896.34

CPI sensitivity analysis

Management determined that the change in the inflation measurement technique, that is, use of estimated CPIs in April 2023 to March 2024 constitutes a change in accounting estimate, rather than a prior period error. The effect of the change in estimate on future periods is not disclosed noting that it is impractical to determine an estimate for future inflation under volatile and hyperinflationary conditions. This increases the estimation uncertainty in objectively evaluating

Significant Accounting Policies to the Consolidated and Separate Financial Statements

information about those misstatements. It is reasonably possible, on the basis of existing knowledge, that outcomes from hyperinflation accounting within the next financial year will be materially different from the current forecasts and current assumptions could require a material adjustment to the carrying amount of the assets or liabilities affected.

	Effect of 10% increase in TCPL inflation adjusted 2024	Effect of 10% decrease in TCPL inflation adjusted 2024
Profit for the year (ZWL '000)	(184 042 295)	184 042 295
Equity (ZWL '000)	49 150 812	(49 150 812)

5. Interests in joint operations

Under IFRS 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group and Company have joint operations whose details are set out in note 3 on notes to the consolidated and separate financial statements and recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

6. Investment in associates and joint ventures

An associate is an entity over which the Group and Company have 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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 associate and joint venture are accounted for using the equity method. In separate financial statements for the Company, investments are accounted for at cost.

Under the equity method, the investment in an associate or a joint venture 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 or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, 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 or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group and Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Group and Company. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group and Company measure and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss. The entity discontinues recognising the associate or joint venture's share of further losses if the share of losses equals or exceeds the

Significant Accounting Policies to the Consolidated and Separate Financial Statements

interest in the associate or joint venture. Losses recognised using the equity accounting method in excess of the Group's investment in ordinary shares are applied to the other components of the Group's interest in the associate or joint venture in the reverse order of their seniority.

7. Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group and Company become party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

7.1 Financial assets

7.1.1 Financial assets at amortised cost and the effective interest method

The financial assets of the Group and Company are measured at amortised cost if both of the following conditions are met:

- the asset is held with the objective of collecting contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method less any impairment (see note 7.1.3), with interest revenue recognised on an effective yield basis in interest received.

Subsequent to initial recognition, the Group and Company are required to reclassify such instruments from amortised cost to fair value through profit or loss (FVTPL) if the objective of holding the asset changes so that the amortised cost criteria are no longer met.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts

the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group and Company may irrevocably elect at initial recognition to classify a financial asset that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

7.1.2 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange component forms part of its fair value gain or loss.

For foreign currency denominated financial assets classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the asset and are recognised in the 'operating profit' line item (note 15) in the statement of comprehensive income.

7.1.3 Impairment of financial assets

The Group and Company applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses (ECLs) at each reporting date.

The Group and Company always recognises lifetime expected credit losses ("ECL") for trade and other receivables and have adopted the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group and Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(i) Definition of default

The Group and Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the

Significant Accounting Policies to the Consolidated and Separate Financial Statements

following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and Company, in full (without taking into account any collateral held by the Group and Company).

Irrespective of the above analysis, the Group and Company consider that default has occurred when a financial asset is more than 90 days past due unless the Group and Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Write off policy

The Group and Company write off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group and Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iii) Measurement and recognition of expected credit losses

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group and Company's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the agro-manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast

economic conditions. The Group and Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and Company in accordance with the contract and all the cash flows that the Group and Company expect to receive, discounted at the original effective interest rate.

The Group and Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

7.1.4 Derecognition of financial assets

The Group and Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and Company recognise its liability for amounts it may have to pay. If the Group and Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

7.2 Financial liabilities and equity instruments issued by the Group and Company

7.2.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group and Company are recognised at the proceeds received, net of direct issue costs.

7.2.2 Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

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7.2.3 Foreign exchange gains and losses

Financial liabilities denominated in a foreign currency are translated at the spot rate at the end of the reporting period. For foreign currency denominated debt instruments classified at amortised cost, the foreign exchange gains and losses are determined based on the amortised cost of the liability and are recognised in the in the statement of profit or loss and other comprehensive income.

7.2.4 Derecognition of financial liabilities

The Group and Company derecognise financial liabilities when, and only when, the Group and Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

8. Revenue recognition

Revenue represents the net proceeds after VAT in respect of the Group and Company's trading activities and comprises principally of sugar sales and sales of other biological assets such as livestock and citrus fruits. Revenue is measured based on the consideration to which the Group and Company expect to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

8.1 Sale of goods

The Group and Company apply a single comprehensive model to account for revenue arising from contracts with customers. Revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group and Company follow the following 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised when (or as) a performance obligation is satisfied, that is, when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

A receivable is recognised by the Group and Company when the goods are delivered to the customer as this represents the point in time at which the right to

consideration becomes unconditional, as only the passage of time is required before payment is due. For some customers payment of the transaction price is due immediately at the point the customer purchases the goods.

8.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and Company, and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

9. Leasing

9.1 The Group as lessee

The Group and Company assess whether a contract is or contains a lease, at inception of the contract. The Group and Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and Company use its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated and separate statement of financial

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position and subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group and Company re-measure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate. The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used). A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group and Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group and Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated and separate statement of financial position. The Group and Company apply IAS 36 to determine whether a right-of-use asset is impaired and accounts for any

identified impairment loss as described in the 'Property, Plant and Equipment' policy.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and Company have not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group and Company allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

10. Property, plant, equipment and intangible assets

10.1 The cost of an item of property, plant and equipment is recognised as an asset if, and only if: (a) it is probable that future economic benefits associated with the item will flow to the entity; and (b) the cost of the item can be measured reliably. Cost is defined as the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. Every item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost less accumulated depreciation and accumulated impairment losses.

10.2 To the extent to which the carrying amounts exceed the residual values, the following assets are depreciated on a straight line basis so as to write-off the cost or valuation of such assets over their expected useful lives which generally are as follows:

Land improvements, irrigation canals, dams, roads and bridges	50 - 99 years
Sugar factory buildings and Plant	5 - 50 years
Buildings and permanent improvements	50 years
Estate electrification and railway line	35 - 45 years
Rolling stock, plant, equipment, furniture and fittings	8 -30 years
Tractors, trailers, dumpers and heavy equipment	8 -15 years
Motor vehicles	5 -10 years
Cane roots (7 ratoon cycles)	8 years
IT software	4 - 20 years

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.

Freehold land and capital work in progress are not depreciated.

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10.3 Following the change in functional currency from the USD to ZWL, property, plant and equipment, a significant portion of which was procured in USD in prior financial years, was translated to ZWL terms on a ratio of 1:1. The valuation of property, plant and equipment is therefore still distorted by the significant disparity between the USD and ZWL.

10.4 Major spare parts, stand-by equipment and servicing equipment

Major spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise such items are classified as inventory. These items meet the definition of property, plant and equipment when they; (a) are held for use in the production or supply, for rental to others, or for administrative purposes, (b) can be used only in connection with an item of property, plant and equipment and (c) are expected to be used during more than one year. Management makes use of judgement in this determination including the supposed purpose of the items, the estimated period of use, materiality and significance. Small spares and tools are generally accounted for as inventories and expensed in the profit or loss at point of use. The depreciation of spare parts, stand-by equipment and servicing equipment will depend on the underlying nature of the spare part. Capital spares used as replacement parts at a future point in time are depreciated over their useful lives from the date they are put into use, rather than when they are acquired. Critical spares or stand-by equipment are depreciated over the lesser of their useful life or the remaining expected useful life of the equipment to which they are associated from the time they become available for use which is the date on which they are acquired. Interest and other costs incurred on major capital projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete.

10.5 The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no economic benefits are expected to arise from the continued use of the assets. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and comprehensive income.

10.6 Intangible Assets

Intangible assets are measured initially at cost. Interest and other costs incurred on major projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete. After

initial recognition, an intangible asset is measured at cost less accumulated amortisation and impairment losses. An intangible asset with a finite useful life is amortised on the straight line basis over its expected useful life.

The estimated useful life is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. When an intangible asset is disposed off, the gain or loss on disposal is recognised in profit or loss.

11. Impairment of tangible and intangible assets

At the end of each reporting period, the Group and Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment is recognised immediately in the statement of profit or loss and comprehensive income.

When an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment is recognised immediately in the statement of profit or loss and other comprehensive income. This impairment test carried out in the current year showed that no assets had suffered impairment, (2023: nil).

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12. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. In the current year no borrowing costs were directly attributable to qualifying assets; 2023 nil.

13. Inventories

13.1 Stores

Stores inventory is valued at the lower of weighted average cost and net realisable value (NRV). Initially the consumable stock is initially recognised and measured at cost. Cost comprises direct materials and freight costs that have been incurred in bringing the inventory to its present location and condition. NRV represents the estimated selling price less all estimated costs to sell off the individual inventory items or of the ultimate end product where the item is a raw material or consumable for which the NRV cannot be individually ascertained. Write downs to net realisable value and inventory losses are expensed in the period in which they occur. Obsolete and slow-moving inventories are identified and written down to their estimated economic or realisable value.

13.2 Sugar and by-products

Inventory of sugar and its by-products is valued at the lower of cost or NRV. Cost is determined by reference to the cost of production including all relevant production overheads and where applicable, the fair value component of biological assets. The cost estimation technique employed for the financial reporting period ended 31 March 2024 and 31 March 2023 made use of weighted averages of inventory over the entire year. NRV represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. An annual assessment is carried out for purposes of write downs in the statement of profit or loss and other comprehensive income.

13.3 Cost of sales

The cost of sales comprises of raw materials, purchases

and consumables used, other direct production and handling costs incurred and the cost of rendering services.

14. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

14.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated and separate statement of profit or loss and other comprehensive income because of items of income or expenses that are taxable or deductible in other years and items that are not taxable or deductible. The Group and Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The net monetary gain or loss recognised in the inflation-adjusted statement of profit or loss and other comprehensive income account is treated as a permanent difference for income tax purposes.

14.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated and separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled operations, except where the Group and Company are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary

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differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

14.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

15. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss monetary items.

16. Employee benefits

16.1 Retirement benefits

Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date as determined by independent actuaries. Service costs and the net interest expense or income is recognised in profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

16.2 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cashflows expected to be made by the Group and Company in respect of services provided by employees up to the reporting date.

17. Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group and Company's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 Share-based Payment ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based

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measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group and Company replace those awards when they do not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group and Company for their share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

18. Agricultural activities

Agricultural activities comprise the growing of cane and milling it into sugar and the raising of cattle for purposes of disposal on the open market. They also include the growing of various fruits for sale on the open market.

18.1 Growing crops

Growing crops comprise standing cane and fruit orchards. The carrying value is determined as follows (see note 6):

- standing cane at the estimated cane price and sucrose content less harvesting, transport and over the weighbridge costs; and
- fruit orchards at estimated future sales proceeds less harvesting and transport costs. Future sales proceeds and costs to sell are discounted to present values at valuation date using the average

borrowing cost which was 75% (2023:75%) at current year end.

18.2 Wildlife

Wildlife management activities comprise the management of game animals with safari and hunting activities. The control element of the asset recognition criteria for game as required by IAS 41: Agriculture, is not met due to the unrestricted and free movement of game across established boundaries. Consequently, the Group and Company does not recognise game animals as a biological asset see note 6.

18.3 Agricultural produce

Agricultural produce comprises the harvested product of the Group and Company's biological assets. This is measured at its fair value less estimated point of sale costs at the point of harvest. The consumption of the Group and Company's agricultural produce is charged to production costs at fair value.

18.4 Changes in the fair value of biological assets

Changes in the fair value of biological assets are recognised in the Statement of Profit or Loss in accordance with IAS 41 "Agriculture" which is also consistent with the treatment in prior years. Fair value of biological assets is determined as described in 6.2 below. The Group and Company have provided an analysis of the change in the fair value of biological assets as encouraged by IAS 41 in note 6 to the consolidated and separate financial statements.

19. Provisions

Provisions are recognised when the Group and Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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19.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

The Group and Company did not have onerous contracts during the year under review.

20. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group and Company's Accounting policies, which are described above, the directors of the Group and Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Interest in Joint Operations

Hippo Valley Estates Limited owns 50% shareholding in the ordinary shares of Zimbabwe Sugar Sales (Private) Limited (ZSS), alongside Triangle Limited. In determining whether ZSS is a Joint Arrangement, the Group and Company ascertained the below and as guided by IFRS 11;

- there is a contractual agreement specifying the two as shareholders
- relevant activities that require unanimous decisions were identified as, pricing of sugar, budget approval and sale of sugar to customers.

In view of the above it was determined that ZSS is in a Joint Arrangement. It was also determined that ZSS is a Joint Operation mainly due to it having been incorporated for the sole purpose of providing a marketing and distribution service to the parties to the arrangement. In

addition, other facts and circumstances that lead to rights to assets and obligations for liabilities being conferred to the parties were considered for example, rights over cash, trade receivables and inventory, that both parties have.

Furthermore, it was determined in accordance to IFRS 15, that ZSS acts as an agent as it does not have control of the sugar it sells on behalf of its principals before it is transferred to the customers.

20.1 Standing cane valuation

Growing crops are required to be measured at fair value less harvesting, transport and over the weigh bridge costs. In determining fair value an estimate is made of the yield of the standing cane as well as the estimated realisable value of the processed sugar. These estimates can vary from the actuals achieved. In the current year, the estimates have been arrived at after considering the following specific factors:

- It is assumed that the growing crops will have sufficient water supply throughout the year, on the back of adequate dam water capacity;
- It is anticipated that the replanting program will continue to contribute to the significant improvement in standing cane yields;
- The estimated realisable value of the processed sugar is calculated on the assumption that the company will be able to compete on the local, regional and international markets and be able to achieve its budgeted volumes, at certain budgeted selling prices, in the different markets.

A standing cane sensitivity analysis based on exposure to yield and the estimated realisable value of the processed sugar, has been included in note 6.1 to the consolidated and separate financial statements.

20.2 Cane roots valuation

A change in the productive life cycle of ratoons is accounted for prospectively as a change in accounting estimate in line with IAS 8 and IAS 16.

Cane roots are valued based on total establishment costs amortised over the period of their productive life which is currently estimated at 7 ratoon cycles grown over an 8-year period. The impact of historical and forecast cane growing conditions is considered in the annual reassessment of the estimated ratoon life. This estimate of the productive life of the cane roots is dependent on the availability of reliable irrigation water supply, relevant agrochemicals and appropriate crop husbandry practices. Unforeseen circumstances such as episodes of drought, disease or crop damage by

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20.3 Citrus

Fruit orchards are measured at fair value less harvesting and transport costs. In determining fair value an estimate is made of the yield of fruit trees over the period of their productive life as well as the estimated sales price. These estimates can vary from the actuals achieved.

20.4 Livestock

Livestock is measured at their fair value. In determining the fair value reference is made to the current market values provided by expert valuers to a related company.

20.5 Remaining useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets are assessed annually and are influenced by factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

20.6 Impairment of property, plant and equipment (PPE) other than land

Determining whether PPE is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which PPE has been allocated. The value in use computation requires the Group and Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. These calculations require the use of assumptions which are noted in note 4.11 to the consolidated and separate financial statements.

20.7 Post-retirement contribution plan obligations

Post-retirement contribution plan obligations are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare costs, inflation rates and salary increments.

20.8 Land and related cane land development assets

In previous years, the Group and Company maintained the full carrying value of land held under two title deeds, namely Hippo Valley North (HVN) and Hippo Valley South (HVS), together with related cane land development assets. HVN land measuring 37 772 hectares, was gazetted for acquisition in August 2003 while HVS land measuring 16 433 hectares has not been gazetted. In determining the accounting treatment of such land, the Directors made various judgements

based on legal advice and general interpretation of the prevailing land dynamics in Zimbabwe. In terms of Constitution of Zimbabwe Amendment No. 17 of 2005 and the Land Acquisition Act (Chapter 20:10) hereinafter referred to as "the Constitution" and "the Act", respectively, ownership of land is transferred to government upon such gazetting for acquisition. It is the Directors' judgement therefore that, effective 8 July 2005, ownership of HVN land vested in the Government and legal title thereof. While HVS land has not been gazetted, it is management's judgement that in terms of the constitution, the Act, and related land dynamics within the country, ownership of this land in substance vests with the state. In the event of any allocation of the land to other parties, the Group and Company are compensated only for permanent improvements and not for the value of the land. Consequently, the Directors have concluded that HVN and HVS land do not meet the recognition criteria in terms of IAS 16 together with related cane land development assets such as capitalised bush clearing, drainage and dirt road costs that may be construed as being part of the land in terms of the Act. Other constructed permanent improvements such as buildings, canals and dams have been determined as being subject to compensation and are therefore recognised as assets by the Group and Company.

20.9 Major plant maintenance costs

The operational calendar of the sugarcane harvesting and milling operations is split into two seasons, a production period generally running from April to December and a major plant maintenance period from January to March where the plant and key haulage equipment undergo significant refurbishments to prepare them for the subsequent harvesting and milling season. Due to the seasonality of the sugar operations, in determining the accounting treatment of such post production maintenance costs, the Directors are required to make judgements on whether such costs are accounted for in the period of expenditure or in the subsequent production period when the economic benefits associated with these costs are generated. The Directors have considered that in order to defer the relevant costs into the subsequent production period, the costs would have to be recognised as an asset at the financial year end date of 31 March. In compliance with the Group and Company's accounting policy, the Directors have determined that despite being incurred during the off-crop maintenance programme, these costs are part of the mill's normal operating capacity and do not qualify for capitalisation as an asset. Consequently, such costs are charged directly to the statement of profit or loss and other comprehensive income in the financial period in which the costs are incurred.

Significant Accounting Policies to the Consolidated and Separate Financial Statements

20.10 Game & wildlife

The Group and Company have a total of 14 158 hectares of land that is under wildlife management, comprising the management of game, safari and hunting activities. Directors' judgement is required in determining whether the game should be recognised as biological assets of the Group and Company in terms of the requirements of IAS 41: Agriculture. The Directors have determined that despite costs being incurred towards the welfare and protection of certain game and wildlife, and marginal hunting income recognised, the control element of the asset recognition criteria for game is not met given the current unrestricted and free movement of game to areas outside the Company's game park boundaries. Biological assets relating to game are therefore not recognised as biological assets on the statement of financial position.

20.11. Inventory valuation

Inventory sugar is valued at the lower of cost or NRV. Included as a key input in the valuation process are the cane costs. Cane is obtained from both that which is grown by the Company (Miller cum plant) and from that grown by third party out-growers. Third party out-growers (farmers) are paid amounts for the sugar cane delivered throughout the year/season based on the Cane Purchase and Cane Milling agreement. The final amounts paid to farmers at the end of the season are determined based on sugar selling prices and costs for the full season (mill door prices) as determined by Zimbabwe Sugar Sales. However, at the time inventory is recognised from the beginning of the season, such final amounts would not have been determined making the valuation process complex specifically on how the variable payments should be accounted for. International Accounting Standard (IAS) 2 - Inventories, which addresses matters to do with inventory is silent on this scenario. Following considerations of other accounting literature and industry practice, management has determined such variable payments made to the farmers to be recognised as part of its inventory. As a result, such inventory to the extent that it relates to cane from farmers takes these variable payments into account as part of the weighted average cost computation. While inventory to the extent it relates to cane grown by the Company is accounted for at fair value less point of sale costs on initial recognition (after harvesting), with subsequent costs incurred capitalised as they are incurred in terms of IAS 2. In addition to cane related costs, inventory valuation also includes production costs which are mainly milling costs (including labour) the cost estimation technique for measurement of inventory is based on a monthly weighted moving average method.

20.12 Revenue Recognition

Revenue is recognised in accordance with IFRS 15: Revenue from contracts with customers, in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group and Company receive cane milled to produce the final product of sugar from third party out-growers (farmers) and from that which it grows on its own (Miller-cum-planter). In determining whether the Company should recognise the revenue of sale of sugar on a gross basis, it considered principles outlined in IFRS 15 in order to establish if it acts as principal in the sugar cane milling agreement. In terms of acting as principal, IFRS 15 requires an entity to obtain control of the specified good or service before it is transferred to the end consumer. As part of the key concepts considered in this, it was established that while farmers do have some say in relation to the decision making of ZSS (being the entity that manages the sale of milled sugar), management is of the view that the Company has the ability to direct the use of the milled sugar. Additional indicators as outlined in IFRS 15, including the ability to exercise pricing discretion and the responsibility for fulfilling the promise to supply the sugar to customers, also further identified the Company as principal. As a result, management concluded for revenue to be recognised on a gross basis.

20.13 Provision for decommissioning costs

The main resources of the Group and Company are land and its sugar production facilities. The Directors have always pursued a policy of annual planned maintenance and renewal of the sugar production facilities. In addition to this, it is the policy of the Group and Company to carry out sound and proven agricultural practices that do not result in the loss of the income generating capability of the land. Accordingly, it is the opinion of the Directors that the Group and Company's resources are completely renewable and do not have a finite life. No provision has therefore been made for decommissioning costs as specified by International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets" as this event is unlikely to occur.

21. Accounting for changes in accounting policies, accounting estimates and errors

21.1 Change in accounting policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements. Changes in accounting policy resulting from the initial application of an IFRS are accounted for in accordance with the specific transitional provisions in that IFRS, if any, otherwise they

Significant Accounting Policies to the Consolidated and Separate Financial Statements

are accounted for retrospectively.

Voluntary changes in accounting policies are applied retrospectively.

21.2 Prior period errors

Prior period errors are recognised when there are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) was available when financial statements for those periods were authorised for issue; and (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

21.3 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated and separate statement of cash flows, cash and cash equivalents consist of cash at bank and on hand, as defined above. The Group and Company attribute the effect of inflation on operating, investing and financing cash flows to the underlying item and presents the monetary gain or loss on cash and cash equivalents separately.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS



Notes to the Consolidated and Separate Financial Statements

1. Country of incorporation and main activities

Hippo Valley Estates Limited (The Company) and its wholly owned subsidiary, Chiredzi Township (Private) Limited, joint operations Zimbabwe Sugar Sales (Private) Limited (ZSS), Mkwesine Estates (Mkwesine) and the Tokwane Consortium are incorporated in Zimbabwe. Its parent and ultimate holding company is Tongaat Hulett Limited through its wholly owned subsidiary, Triangle Sugar Corporation Limited. The Company engages in the growing and milling of sugar cane and other farming operations. The subsidiary is engaged in the provision of water treatment services. ZSS, in which the Company has a 50% shareholding, is a sugar broking entity for the Company. Mkwesine is a consortium in which the Company has a 50% interest and provides administrative services to the private sugarcane farmers. The Tokwane Consortium is a consortium for the construction and maintenance of the Tokwane barrage and canal in which the Company has 32.56% interest. ZSS, Mkwesine and Tokwane are accounted for as joint operations on a proportionate consolidation basis (see note 3). The Group and Company has investments in associate companies, namely Tongaat Hullet (Botswana) (Proprietary) Limited, a sugar packer and distributor and National Chemical Products Distillers Zimbabwe (Private) Limited that converts molasses into alcohol (see note 5).

Notes to the Consolidated and Separate Financial Statements

2. Adoption of new and revised standards

2.1 New and amended standards and interpretations

The Group and Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023 (unless otherwise stated) which are applicable to the Group and Company. The Group and Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.1.1 IFRS 17 Insurance Contracts: Effective 1 January 2023

Key requirements	Impact
<p>IFRS 17 <i>Insurance Contracts</i> is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 <i>Insurance Contracts</i>. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:</p> <ul style="list-style-type: none"> • A specific adaptation for contracts with direct participation features (the variable fee approach). • A simplified approach (the premium allocation approach) mainly for short-duration contracts. 	<p>The new standard had no impact on the Group's consolidated and separate financial statements.</p>

2.1.2 Amendments to IAS 1 and IFRS Practice Statement 2: Effective for annual periods beginning on or after 1 January 2023

<p>In February 2021, the IASB Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:</p> <ul style="list-style-type: none"> • Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies And ; • Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures Replacement of the term 'significant' with 'material' In the absence of a definition of the term 'significant' in IFRS, the IASB decided to replace it with 'material' in the context of disclosing accounting policy information. <p>'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the IASB, In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.</p>	<p>The amendments have not had an impact on the Group and Company's disclosures of accounting policies.</p>
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Notes to the Consolidated and Separate Financial Statements

2.1 New and amendments and improvements issued-effective January 2023

Key requirements	Impact
<p>Disclosure of standardised information</p> <p>Although standardised information is less useful to users than entity-specific accounting policy information, the IASB agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed. The amendments to the PS also provide examples of situations when generic or standardised information summarising or duplicating the requirements of IFRS may be considered material accounting policy information.</p>	
<p>2.1.3 Amendments to IAS 8 Effective for annual periods beginning on or after 1 January 2023</p>	
<p>In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.</p>	<p>The new standard had no impact on the Group’s consolidated and separate financial statements.</p>
<p>2.1.4 IAS 12:Deferred Tax related to Assets and Liabilities arising from a Single Transaction: Effective 1 January 2023</p>	
<p>Determining the tax base of assets and liabilities</p> <p>The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of Judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.</p> <p>Changes to the initial recognition exception</p> <p>Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.</p> <p>Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the IASB expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.</p>	<p>The new standard had no impact on the Group’s consolidated and separate financial statements.</p>

Notes to the Consolidated and Separate Financial Statements

2.2 New and amendments and improvements issued but not yet effective

Key requirements	Impact
2.2.1 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7:: Effective 1 January 2024	
<p>Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.</p>	<p>The Directors of the Group and Company anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods should such transactions arise. Currently, the Group and Company finances its working capital obligations through cash settlements and borrowings where necessary.</p>
2.2.2 Lack of exchangeability – Amendments to IAS 21 Effective for annual periods beginning on or after 1 January 2025.	
<p>In August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21).</p> <p>The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.</p> <p>A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.</p> <p>If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.</p>	<p>The Directors of the Group and Company anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods should such transactions arise.</p>

Notes to the Consolidated and Separate Financial Statements

2.2 New and amendments and improvements issued but not yet effective

Key requirements	Impact
2.2.3 Classification of Liabilities as Current or Non-current - Amendments to IAS 1: Effective for annual periods beginning on or after 1 January 2024	
<p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.</p>	<p>The Group and Company does not anticipate this change to result in a significant impact on the financial statements.</p>

Notes to the Consolidated and Separate Financial Statements

Key requirements	Impact
<p>2.2.4 Amendments to IAS 1 Right to defer settlement Effective date: 01 January 2024</p>	
<p>The IASB decided that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Furthermore, the IASB specified that the requirements in paragraph 72B apply only to liabilities arising from loan arrangements.</p> <p>Existence at the end of the reporting period The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.</p> <p>Management expectations IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.</p> <p>Meaning of the term 'settlement' The IASB added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The IASB concluded that it was important to link the settlement of the liability with the outflow of resources of the entity. Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception. In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current. Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.</p> <p>Disclosures IAS 1.76ZA has been added to require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities.</p>	<p>The Directors of the Group and Company anticipate that the application of these amendments may have an impact on the Group's consolidated and separate financial statements in future periods should such transactions arise.</p>

Notes to the Consolidated and Separate Financial Statements

Key requirements	Impact
2.2.5 Amendments to IFRS 16– Sale and Lease back: Effective 1 January 2024	
<p>In September 2022, the IASB issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).</p> <p>The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.</p> <p>After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.</p> <p>The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.</p>	<p>The Directors of the Group and Company anticipate that the application of these amendments may have an impact on the Group’s consolidated and separate financial statements in future periods should such transactions arise.</p>

Notes to the Consolidated and Separate Financial Statements

Key requirements	Impact
2.2.6 IFRS S1 General Requirements for Disclosure of Sustainability-related Financial	
<p>The objective of this standard, also referred to as the General Requirements Exposure Draft (or S1), is to require an entity to provide all material information about its exposure to significant sustainability-related risks and opportunities. The core content of S1 is based on four pillars, consistent with the TFCF recommendations:</p> <ul style="list-style-type: none"> • Governance • Strategy • Risk Management • Metrics and Targets <p>The ED also contains some general features, which are mostly adapted from IAS 1 and IAS 8.</p>	<p>The disclosures are currently not mandatory and have no impact on the consolidated and separate financial statements.</p>
2.2.7 IFRS S2 Climate-related Disclosures	
<p>There is no single explicit standard on climate-related matters under IFRS, climate risk and other climate-related matters may impact a number of areas of accounting. While the immediate impact to the financial statements may not necessarily be quantitatively significant, there are increasing expectations from stakeholders that entities explain how climate-related matters are considered in preparing their financial statements to the extent they are material¹ from a qualitative perspective. Stakeholders also expect robust disclosures on the most significant assumptions, estimates and judgements made related to climate change.</p>	<p>The disclosures are currently not mandatory and have no impact on the consolidated and separate financial statements.</p>

Notes to the Consolidated and Separate Financial Statements

3. Interest in Consortia

3.1 Mkwesine Estates

The Group and Company has a 50% interest in Mkwesine Estates (Mkwesine) whose year end is 31 March. Mkwesine engages in the provision of administrative services to sugarcane farmers at Mkwesine. Management made Mkwesine a dormant joint operation since the beginning of prior year, while the provision of administrative services to sugar cane farmers at Mkwesine continues through the Group and Company. Resultantly, no transactions and balances were recorded in the consortium's statement of financial position and income statement for both prior year and current year.

The Group has no commitments relating to its interest in Mkwesine. The consortium does not generate any revenue.

Notes to the Consolidated and Separate Financial Statements

3. Interest in Consortia (continued)

3.2 Zimbabwe Sugar Sales (Private) Limited

The Group and Company have a 50% interest in Zimbabwe Sugar Sales (Private) Limited (ZSS) whose year end is 31 March. The Company is incorporated in Zimbabwe. ZSS acts as a broker to the sugar millers, and all income and expenditure is for the millers' account. 50% of the assets and liabilities other than inventories, accounts receivable, cash and accounts payable which are included in proportion to sugar produced by each miller at 31 March 2024 are included in the statement of financial position under their respective headings as follows:

	INFLATION ADJUSTED		HISTORICAL COST*	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Non-current assets	67 542 440	43 066 112	794 477	96 961
Property, plant and equipment	54 726 301	30 498 301	741 202	50 763
Right-of-use asset	12 816 139	12 567 811	53 275	46 198
Current assets	903 581 757	68 767 240	356 925 613	2 212 726
Inventories	852 389 808	2 854 133	305 733 664	70 496
Trade and other receivables	40 182 065	37 244 964	40 182 065	1 210 492
Cash and cash equivalents	11 009 884	28 668 143	11 009 884	931 738
Total assets	971 124 197	111 833 352	357 720 090	2 309 687
Current liabilities	(61 770 001)	(51 008 278)	(61 770 001)	(1 657 812)
Trade and other payables	(60 450 603)	(49 496 419)	(60 450 603)	(1 608 675)
Lease liability	(1 319 398)	(1 511 859)	(1 319 398)	(49 137)
Non-current liabilities	(716 319)	-	(716 319)	-
Lease liability	(716 319)	-	(716 319)	-
Net assets / equity	908 637 877	60 825 074	295 233 770	651 876

The Group and Company entered into contracts with various transporters for local transportation of sugar from the mill, with the costs being recovered from ZSS.

Notes to the Consolidated and Separate Financial Statements

3.3 Tokwane Consortium

The Group and Company has a 32.56% interest in the joint operation whose financial year ends on 31 March. The Group's share of the value of the Tokwane Barrage and Canal included in property, plant and equipment (note 4) is as follows:

	INFLATION ADJUSTED		HISTORICAL COST*	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Non-current assets				
Property, plant and equipment	651 905	652 129	1 044	1 071

The Group and Company has no commitments relating to its interest in Tokwane Consortium.

3.4 Chiredzi Township (Private) Limited

The company has a 100% interest in the Chiredzi Township (Private) Limited (incorporated in Zimbabwe) whose year end is 31 December which provided water treatment services up until it became dormant at the beginning of the year ending 31 March 2022 following a decision to offer the water treatment services directly from the holding company in order to maximise on efficiencies realised through carrying out services from the holding company. Consequently, the company is no longer trading and does not receive any other income.

	INFLATION ADJUSTED		HISTORICAL COST*	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Share capital issued	380 569	380 569	320	320
Accumulated loss	(380 569)	(380 569)	(320)	(320)
Capital and reserves	-	-	-	-

The Group has no commitments relating to its interest in Chiredzi Township (Private) Limited.

Notes to the Consolidated and Separate Financial Statements

4. Property, plant, equipment and intangible assets

4.1 Cost - Property, plant and equipment

	INFLATION ADJUSTED						Balance 31.03.24 ZWL'000
	Balance 31.03.22 ZWL'000	Additions/ transfer In [^] ZWL'000	Disposals/ transfer out* ZWL'000	Balance 31.03.23 ZWL'000	Additions/ transfer In [^] ZWL'000	Disposals/ transfer out* ZWL'000	
Permanent improvements	45 531 244	-	-	45 531 244	-	-	45 531 244
Cane roots	415 498 809	55 922 355	(333 569)	471 087 595	111 220 575	(14 942)	582 293 228
Irrigation canals, dams and equipment	249 724 690	-	-	249 724 690	-	-	249 724 690
Housing and buildings	282 760 570	-	-	282 760 570	-	(1 428 412)	281 332 158
Sugar factory buildings and plant	456 481 725	652 596	-	457 134 321	3 851 650	(1 330 722)	459 655 249
Other buildings, plant and equipment	25 413 413	589 171	(57 357)	25 945 227	193 572	(829 827)	25 308 972
Agricultural, haulage and motor vehicles and implements	172 290 091	2 150 844	-	174 440 935	4 241 327	(13 523 178)	165 159 084
Capital work in progress	95 173 755	29 442 368	-	124 616 123	20 959 279	(56 738)	145 518 664
Capital work in progress-strategic spares	3 711 326	15 761 243	-	19 472 569	26 292 879	(2 126 904)	43 638 544
	1 746 585 623	104 518 577	(390 926)	1 850 713 274	166 759 282	(19 310 723)	1 998 161 833

[^]This amount includes additions of ZWL164 632 378 151 and transfer in of ZWL2 126 904 191 (2023:NIL).

*This amount includes disposals of ZWL164 632 378 151 and transfer out of ZWL2 183 642 439 to intangible assets and sugar factory buildings and plant (2023:NIL).

	HISTORICAL COST						Balance 31.03.24 ZWL'000
	Balance 31.03.22 ZWL'000	Additions/ transfer In [^] ZWL'000	Disposals/ transfer out* ZWL'000	Balance 31.03.23 ZWL'000	Additions/ transfer In [^] ZWL'000	Disposals/ transfer out* ZWL'000	
Permanent improvements	5 876	-	-	5 876	-	-	5 876
Cane roots	404 344	1 377 875	(1 413)	1 780 806	15 269 713	(1 695)	17 048 824
Irrigation canals, dams and equipment	32 327	-	-	32 327	-	-	32 327
Housing and buildings	43 171	-	-	43 171	-	(184)	42 987
Sugar factory buildings and plant	100 275	13 603	-	113 878	655 137	(172)	768 843
Other buildings, plant and equipment	17 801	18 239	(5)	36 035	20 169	(601)	55 603
Agricultural, haulage and motor vehicles and implements	101 397	53 607	-	155 004	548 775	(86 984)	616 795
Capital work in progress	393 724	743 278	-	1 137 002	2 120 425	(5 912)	3 251 515
Capital work in progress-strategic spares	600	512 416	-	513 016	6 465 300	(327 354)	6 650 962
	1 099 516	2 719 018	(1 419)	3 817 115	25 079 519	(422 902)	28 473 732

[^]This amount includes additions of ZWL24 752 165 635 and transfer in of ZWL327 353 515 (2023:NIL).

*This amount includes disposals of ZWL89 635 651 and transfer out of ZWL333 265 137 to intangible assets and sugar factory buildings and plant (2023:NIL).

Notes to the Consolidated and Separate Financial Statements

4.2 Accumulated depreciation and impairment - Property, plant and equipment

INFLATION ADJUSTED

	Balance 31.03.22 ZWL'000	Charge for the year ZWL'000	Disposal/ Transfer out ZWL'000	Balance 31.03.23 ZWL'000	Charge for the year ZWL'000	Disposal/ Transfer out ZWL'000	Balance 31.03.24 ZWL'000
Permanent improvements	45 531 244	-	-	45 531 244	-	-	45 531 244
Cane roots	239 313 419	30 803 266	(333 569)	269 783 116	4 946 400	(14 942)	274 714 574
Irrigation canals, dams and equipment	30 024 023	178 235	-	30 202 258	3 451 651	-	33 653 909
Housing and buildings	98 021 319	2 242 109	-	100 263 428	1 162 077	(314 013)	101 111 492
Sugar factory buildings and plant	345 638 190	57 239 496	-	402 877 686	11 349 974	(1 018 868)	413 208 792
Other buildings, plant and equipment	23 707 961	1 193 666	(54 840)	24 846 787	676 800	(741 343)	24 782 244
Agricultural, haulage and motor vehicles and implements	116 799 932	13 283 514	-	130 083 446	3 874 770	(10 092 287)	123 865 929
	899 036 088	104 940 286	(388 409)	1 003 587 965	25 461 672	(12 181 453)	1 016 868 184

HISTORICAL COST

	Balance 31.03.22 ZWL'000	Charge for the year ZWL'000	Disposal/ Transfer out ZWL'000	Balance 31.03.23 ZWL'000	Charge for the year ZWL'000	Disposal/ Transfer out ZWL'000	Balance 31.03.24 ZWL'000
Permanent improvements	5 876	-	-	5 876	-	-	5 876
Cane roots	30 869	46 032	(1 418)	75 483	144 824	(1 695)	218 612
Irrigation canals, dams and equipment	4 500	600	-	5 100	1 490	-	6 590
Housing and buildings	12 633	346	-	12 979	358	(41)	13 296
Sugar factory buildings and plant	47 711	39 551	-	87 262	133 856	(131)	220 987
Other buildings, plant and equipment	2 484	824	-	3 308	4 317	(197)	7 428
Agricultural, haulage and motor vehicles and implements	15 892	13 092	-	28 984	18 550	(11 074)	36 460
	119 965	1 004 465	(1 418)	218 992	303 395	(13 138)	509 249

4.2.1 Cane roots depreciation

Included in the cane roots depreciation charge for the year is accelerated depreciation relating to cane roots ploughed out before expiry of the estimated ratoon useful lives of 7 cycles. The Group and Company will continue to reassess useful lives of cane roots at the end of each financial year and if expectations differ from previous estimate, the changes will be accounted for prospectively as a change in estimate in accordance with IAS 8 and IAS 16.

	INFLATION ADJUSTED		HISTORICAL COST*	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Accelerated depreciation	14 942	65 752	1 695	1 417

Notes to the Consolidated and Separate Financial Statements

4. Property, plant, equipment and intangible assets (continued)

4.2.2 Ratoon Sensitivity Analysis

		INFLATION ADJUSTED		HISTORICAL COST*	
		Decrease in operating profit		Decrease in operating profit	
Variable Factor	Estimated Useful Life	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Ratoon cycles	6 ratoons	(323 675)	(532 032)	(32 351)	(11 469)
Ratoon cycles	5 ratoons	(763 954)	(1 276 877)	(76 355)	(27 525)

4.3 Carrying amounts-Property, plant and Equipment

	INFLATION ADJUSTED		HISTORICAL COST*	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Cane roots	307 578 654	201 304 479	16 830 212	1 705 323
Irrigation canals, dams and equipment	216 070 781	219 522 432	25 737	27 227
Housing and buildings	180 220 666	182 497 142	29 691	30 192
Sugar factory buildings and plant	46 446 457	54 256 635	547 856	26 616
Other buildings, plant and equipment	526 728	1 098 440	48 175	32 727
Agricultural, haulage and motor vehicles and implements	41 293 155	44 357 489	580 335	126 020
Capital work in progress	145 518 664	124 616 123	3 251 515	1 137 002
Capital work in progress - strategic spares	43 638 544	19 472 569	6 650 962	513 016
	981 293 649	847 125 309	27 964 483	3 598 123

Notes to the Consolidated and Separate Financial Statements

4. Property, plant, equipment and intangible assets (continued)

4.4 Cost - Intangible assets

	Balance 31.03.22 ZWL'000	Additions/ transfers in ZWL'000	Disposals/ transfers out ZWL'000	Balance 31.03.23 ZWL'000	Additions/ transfers in ZWL'000	Disposals/ transfers out ZWL'000	Balance 31.03.24 ZWL'000
INFLATION ADJUSTED							
ERP System	27 056 872	-	-	27 056 872	56 738	-	27 113 610
HISTORICAL							
ERP System	15 302	-	-	15 302	5 912	-	21 214

There are no intangible assets pledged as security

4.5 Accumulated amortisation - Intangible assets

	Balance 31.03.22 ZWL'000	Charge for the year ZWL'000	Disposals/ transfers ZWL'000	Balance 31.03.23 ZWL'000	Charge for the year ZWL'000	Disposals/ transfers ZWL'000	Balance 31.03.24 ZWL'000
INFLATION ADJUSTED							
ERP System	21 734 074	6 700 127	(8 056 688)	20 377 513	5 977 679	-	26 355 192
HISTORICAL							
ERP System	3 702	4 922	(1 119)	7 505	4 296	-	11 801

Amortisation expense is included under administrative and other expenses

4.6 Carrying amounts – Intangible assets

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
ERP System	758 418	6 679 359	9 413	7 797

4.7 Cost – Right of use assets

	Balance 31.03.22 ZWL'000	Additions ZWL'000	Disposals/ transfers ZWL'000	Balance 31.03.23 ZWL'000	Additions ZWL'000	Disposals/ transfers ZWL'000	Balance 31.03.24 ZWL'000
INFLATION ADJUSTED							
Buildings	2 381 573	2 953 531	(477 586)	4 857 518	28 152	-	4 885 670
HISTORICAL COST							
Buildings	8 253	76 162	(15 522)	68 893	28 152	-	97 045

4.8 Accumulated Depreciation – Right of use assets

	Balance 31.03.22 ZWL'000	Additions ZWL'000	Disposals/ transfers ZWL'000	Balance 31.03.23 ZWL'000	Additions ZWL'000	Disposals/ transfers ZWL'000	Balance 31.03.24 ZWL'000
INFLATION ADJUSTED							
Buildings	1 489 693	1 632 943	(123 169)	2 999 467	1 494 773	-	4 494 240
HISTORICAL COST							
Buildings	4 697	20 336	(4 003)	21 030	22 174	-	43 204

Notes to the Consolidated and Separate Financial Statements

4.9 Carrying amounts – Right-of-use assets

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Buildings and office equipment	391 430	1 858 051	53 841	47 863

4.10 Assets pledged as security

The Group and Company does not have any property, plant and equipment, intangible assets and right of use assets pledged as security for any debts.

4.11 Impairment of tangible and intangible assets

At the end of each reporting period, management assesses if there are any indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In determining value in use, the Group and Company's agricultural and milling activities are considered as a single cash-generating unit (CGU). The calculations use cash flow projections based on financial budgets approved by management and Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. There were no indicators of impairment as at 31 March 2024 (2023: no impairment indicators).

5. Investments in associate companies

Name of associate company	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			31.03.24	31.03.23
Tongaat Hulett (Botswana) (Proprietary) Limited (i)	Packer and distributor of sugar	Botswana	33.3%	33.3%
		Zimbabwe	49%	49%
National Chemical Products Distillers Zimbabwe (Private) Limited (ii)	Conversion of molasses into alcohol			

The Group's share of net assets of associates is as follows;

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Tongaat Hulett (Botswana) (Proprietary) Limited (i)	36 924 900	40 891 104	36 924 900	1 328 994
National Chemical Products Distillers Zimbabwe (Private) Limited (ii)	504 030	49 079 745	504 030	88 858
	37 428 930	89 970 849	37 428 930	1 417 852

Notes to the Consolidated and Separate Financial Statements

- (i) The financial year-end is 31 March, and the associate company is equity accounted in consolidated financial statements using the audited year-end accounts. The Group and Company has no commitments relating to its interests in the associate. The associated company has no quoted market price therefore no fair value is disclosed.

Equity Accounting and summarised financial information in respect of the associate company is set out below:

Tongaat Hulett (Botswana) (Proprietary) Limited

Equity Accounting of Associate*	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Opening Balance	40 891 104	20 886 182	1 328 995	200 552
Share of profit of Associate	6 229 611	12 011 100	6 229 611	390 351
Foreign currency translation reserve (FCTR)	(5 331 614)	18 921 656	33 762 199	1 059 062
Dividend Paid	(4 864 201)	(10 927 834)	(4 395 905)	(320 971)
Closing Balance	36 924 900	40 891 104	36 924 900	1 328 994

* This is a new disclosure in the current year to enable users to have an understanding on the movement in the investment balance.

Summarised financial information	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Total non-current assets	19 105 368	23 981 224	19 105 368	779 402
Total current assets	143 960 767	169 526 857	143 960 767	5 509 769
Total non-current liabilities	(1 233 112)	(2 197 237)	(1 233 112)	(71 412)
Total current liabilities	(51 058 324)	(68 637 532)	(51 058 324)	(2 230 774)
Net Assets	110 774 699	122 673 312	110 774 699	3 986 985
Group's share of net assets of associates	36 924 900	40 891 104	36 924 900	1 328 994
Revenue	257 774 514	601 180 966	257 774 514	19 538 879
Profit for the year	18 688 832	36 031 471	18 688 832	1 171 054
Dividend received	4 864 201	10 927 834	4 395 905	320 971
Group's share of profit of associates (after tax)	6 229 611	12 011 100	6 229 611	390 351

- (ii) The financial year-end for National Chemical Products Distillers Zimbabwe (Private) Limited (NCPDZ) is 31 December. For the purpose of applying the equity method of accounting, financial results for the 9 months to 31 December 2023 have been extracted from the audited financial statements of NCPDZ for the year ended 31 December 2023, and added to unaudited financial results for the 3 months to 31 March 2024. The Group and Company have no commitments relating to its interests in the associate. The associated company has no quoted market price therefore no fair value is disclosed. Effective January 2023, NCPDZ is now reporting in USD given a change in functional currency. Equity accounting and summarised financial information in respect of the associate company is set out below:

National Chemical Products Distillers Zimbabwe (Private) Limited

Equity Accounting of Associate*	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Opening Balance	49 079 745	47 967 254	88 858	57 617
Share of profit of Associate	(801 944)	1 112 491	(801 944)	31 241
Foreign currency translation reserve (FCTR)	(47 773 771)	-	1 217 117	-
Dividend Paid	-	-	-	-
Closing Balance	504 030	49 079 745	504 031	88 858

* This is a new disclosure in the current year to enable users to have an understanding on the movement in the investment balance.

Notes to the Consolidated and Separate Financial Statements

NCPDZ summarised financial information	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Total non-current assets	6 904 229	36 351 173	6 904 229	65 813
Total current assets	12 009 151	87 390 422	12 009 151	559 671
Total non-current liabilities	(1 201 359)	(10 498 092)	(1 201 359)	(19 007)
Total current liabilities	(16 683 389)	(13 080 757)	(16 683 389)	(425 135)
Net Assets	1 028 632	100 162 746	1 028 632	181 342
Group's share of net assets of associates	504 030	49 079 745	504 030	88 858
Revenue	22 759 062	127 302 013	22 759 062	3 574 662
Profit for the year	(1 636 620)	2 270 518	(1 636 620)	63 756
Group's share of profit of associates (after tax)	(801 944)	1 112 491	(801 944)	31 241

6. Biological assets

	INFLATION ADJUSTED			
	Standing cane ZWL'000	Fruit orchards ZWL'000	Livestock ZWL'000	Total ZWL'000
Balance at 31 March 2022	1 107 297 988	4 853 719	8 970 315	1 121 122 022
Fair value gain/(loss)	573 680 158	(465 717)	7 345 208	580 559 649
- Increase due to growth	1 558 222 897	-	-	1 558 222 897
- Decrease due to harvest	(1 613 299 611)	-	-	(1 613 299 611)
- Gain arising from price changes	672 902 763	877 545	5 145 018	678 925 326
- Gain due to births	-	-	5 406 108	5 406 108
- Loss due to death	-	-	(1 791 554)	(1 791 554)
- Loss due to sales	-	-	(1 414 364)	(1 414 364)
- Loss due to decrease in area	(44 145 891)	(1 343 262)	-	(45 489 153)
Balance at 31 March 2023	1 680 978 146	4 388 002	16 315 523	1 701 681 671
Fair value loss	(790 914 676)	(3 443 927)	(16 315 523)	(810 674 126)
- Increase due to growth	2 950 741 862	-	-	2 950 741 862
- Decrease due to harvest	(12 101 354 279)	-	-	(12 101 354 279)
- Gain / (loss) arising from price changes	8 352 957 103	(3 443 927)	-	8 349 513 176
- Gain due to births	-	-	64 846	64 846
- Loss due to death	-	-	(113 461)	(113 461)
- Loss due to sales	-	-	(16 266 908)	(16 266 908)
- Gain due to increase in area	6 740 638	-	-	6 740 638
Balance at 31 March 2024	890 063 470	944 075	-	891 007 545

Notes to the Consolidated and Separate Financial Statements

HISTORICAL COST

	Standing cane ZWL'000	Fruit orchards ZWL'000	Livestock ZWL'000	Total ZWL'000
Balance at 31 March 2022	10 632 403	46 606	86 134	10 765 143
Fair value gain	44 000 778	96 008	444 134	44 540 920
- Increase due to growth	28 536 867	-	-	28 536 867
- Decrease due to harvest	(29 724 125)	-	-	(29 724 125)
- Gain arising from price changes	46 139 665	125 047	396 706	46 661 418
- Gain due to births	-	-	116 537	116 537
- Loss due to death	-	-	(38 620)	(38 620)
- Loss due to sales	-	-	(30 489)	(30 489)
- Loss due to decrease in area	(951 629)	(29 040)	-	(980 669)
Balance at 31 March 2023	54 633 181	142 614	530 268	55 306 063
Fair value gain/(loss)	835 430 289	801 461	(530 268)	835 701 482
- Increase due to growth	294 920 059	-	-	294 920 059
- Decrease due to harvest	(295 022 888)	-	-	(295 022 888)
- Gain arising from price changes	834 859 406	801 461	-	835 660 867
- Gain due to births	-	-	6 340	6 340
- Loss due to death	-	-	(7 274)	(7 274)
- Loss due to sales	-	-	(529 334)	(529 334)
- Gain due to increase in area	673 712	-	-	673 712
Balance at 31 March 2024	890 063 470	944 075	-	891 007 545

Biological assets on hand at year end are as follows:

	31.03.24	31.03.23
Hectares under cane	10 862	10 729
Hectares under fruit orchards	11	11
Livestock population	-	797
Net Realisable Value per tonne for standing cane valuation (ZWL)	11 930 345	22 767 150
There are no biological assets pledged as security	-	-

Management has applied judgement in assessing the components of fair value on biological assets. The judgement considers that physical growth and harvesting are intrinsically linked and impact the fair value movement in biological asset year on year in addition to pricing considerations.

6.1 Standing cane sensitivity analysis

Standing cane, is measured at fair value which is determined using unobservable inputs and is categorised as Level 3 under the fair value hierarchy as shown in note 6.2. The Group and Company apply the market approach on valuation of standing cane. The fair value of standing cane is determined by estimating the expected growth of the cane, the yield of the standing cane, the cane to sugar conversion ratio, selling prices, less costs to harvest and transport, over-the-weighbridge costs and costs into the market as at the end of the reporting period. The assumptions for these key unobservable inputs used in determining fair value of the standing cane are shown below.

	31.03.24	31.03.23
Area under cane (hectares)	10 862	10 729
Yield (tons cane per hectare)	89	95*
Average age at harvest (months)	12	12
Net Realisable Value per tonne for standing cane valuation (ZWL)	11 930 345	22 767 150
Cane to sugar ratio	8.27	8.39

*Yield was erroneously disclosed as 104 in the prior year, and the comparative disclosure has been corrected in the current year. There is no impact in the primary financial statements.

Notes to the Consolidated and Separate Financial Statements

6.1 Standing cane sensitivity analysis (continued)

The sensitivity analyses below have been determined based on exposure to yield and cane prices for standing cane held at the end of the reporting period. A 5% increase or decrease is used when reporting yield and cane price risk internally to key management personnel and represents management's assessment of the reasonably possible change in yield and cane prices.

INFLATION ADJUSTED			
Variable factor	% Movement	31.03.24 ZWL'000	31.03.23 ZWL'000
Price	+5%	53 580 961	86 539 455*
Price	(-5%)	(53 580 961)	(86 539 455)
Yield	+5%	44 503 174	84 048 907
Yield	(-5%)	(44 503 174)	(84 048 907)
Combined	+5%	98 084 134	(170 588 363)
Combined	(-5%)	(98 084 134)	(170 588 363)

HISTORICAL COST			
Variable factor	% Movement	31.03.24 ZWL'000	31.03.23 ZWL'000
Price	+5%	53 580 961	2 812 604*
Price	(-5%)	(53 580 961)	(2 812 604)
Yield	+5%	44 503 174	2 731 659
Yield	(-5%)	(44 503 174)	(2 731 659)
Combined	+5%	98 084 134	(5 544 263)
Combined	(-5%)	(98 084 134)	(5 544 263)

*The effect of change in price was erroneously misstated as ZWL 5 773 999 in historic terms. This error on sensitivity analysis has no impact in the primary financial statements. The amount has been restated to correct the error in prior year historical cost and inflation adjusted restated as ZWL86 539 455.

The estimated fair values have been determined using available market information and approximate valuation methodologies

Net realisable value per tonne used on the valuation of biological assets (ZWL)

	Standing cane ZWL Tonne	Livestock ZWL Beast	Fruit orchards ZWL Hectare
Fair value 2024			
Unit of measure			
Historical costs	11 930 345	-	17 646
Inflation adjusted	11 930 345	-	17 646
Fair value 2023			
Historical costs	739 951	665 330	557
Inflation adjusted	22 767 150	20 471 170	17 148

Notes to the Consolidated and Separate Financial Statements

6.2 Fair value hierarchy for biological assets

INFLATION ADJUSTED				
	Valuation with reference to prices quoted in an active market Level 1	Valuation based on observable inputs Level 2	Valuation based on unobservable inputs Level 3	Total
As at 31 March 2024	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Biological Assets				
Standing cane	-	-	890 063 470	890 063 470
Fruit orchards	-	-	944 075	944 075
Livestock	-	-	-	-
	-	-	891 007 545	891 007 545
As at 31 March 2023				
Biological assets				
Standing cane	-	-	1 680 978 146	1 680 978 146
Fruit orchards	-	-	4 388 002	4 388 002
Livestock	-	16 315 523	-	16 315 523
	-	16 315 523	1 685 366 148	1 701 681 671

HISTORICAL COST				
	Valuation with reference to prices quoted in an active market Level 1	Valuation based on observable inputs Level 2	Valuation based on unobservable inputs Level 3	Total
As at 31 March 2024	ZWL'000	ZWL'000	ZWL'000	ZWL'000
Biological Assets				
Standing cane	-	-	890 063 470	890 063 470
Fruit orchards	-	-	944 075	944 075
Livestock	-	-	-	-
	-	-	891 007 545	891 007 545
As at 31 March 2023				
Biological assets				
Standing cane	-	-	54 633 181	54 633 181
Fruit orchards	-	-	142 614	142 614
Livestock	-	530 268	-	530 268
	-	530 268	54 775 795	55 306 063

Level 1 – biological assets that are valued according to unadjusted market prices for similar asset. Market prices in this instance are readily available and the price represents regularly occurring transactions which have been concluded on an arm's length basis.

Level 2 – biological assets that are valued using observable inputs, other than the market prices noted in the level 1 methodology. These inputs make reference to pricing of similar assets in an inactive market or by utilising observable prices and market related data.

Level 3 – biological assets that are valued using unobservable data, and require management judgement in determining the fair value.

Notes to the Consolidated and Separate Financial Statements

7. Trade and other receivables

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Trade Receivables				
Sugar receivables	397 961 891	147 054 214	397 961 891	4 779 384
Molasses receivables	2 509 485	1 355 740	2 509 485	44 063
Allowance for credit losses	(5 574 256)	(10 313 505)	(5 574 256)	(335 197)
	394 897 120	138 096 449	394 897 120	4 488 250
Other Receivables				
Prepayments	175 282 352	84 915 764	47 156 060	2 182 830
VAT receivable	113 586 462	40 706 802	113 586 462	1 323 005
Staff receivables	205 658	376 450	205 658	12 235
Private farmers	31 949 186	157 040 622	31 949 186	5 103 950
Amount owing by group companies	176 045 553	303 807 274	176 045 553	9 873 988
Sundry (game, safari and citrus)	44 700 625	66 853 104	44 700 625	2 172 781
Allowance for credit losses	(10 871 986)	(32 128 624)	(10 871 986)	(1 044 207)
	530 897 850	621 571 392	402 771 558	19 624 582
Total trade and other receivables	925 794 970	759 667 841	797 668 678	24 112 831

The Group and Company does not hold any other collateral or credit enhancements over these balances, nor does it have a legal right of offset against any amounts owed by the Group and Company to the counter-party.

Trade and other receivables disclosed above are classified as financial assets measured at amortised cost as disclosed in note 29.4 except for VAT receivable and Prepayments. All the amounts are classified as current assets.

The average credit terms for sugar and other debtors is 21 days (2023:21 days). Interest is charged on trade receivables denominated in the ZWL which are overdue and no security is held on any of the trade receivables disclosed above. Before accepting any new customer, the Group and Company uses an internal credit review system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically by management.

7.1 Risk profile of receivables

The directors always estimate the loss allowance on amounts due from customers at an amount equal to lifetime expected credit loss (ECL), taking into account the historical default experience and the future prospects of the sugar industry.

The Group and Company's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status has been distinguished between the Group and Company's different customer bases. The Group and Company has also taken into account qualitative and quantitative reasonable and supportable forward looking information which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The table below reconciles the movement in the allowance for credit losses:

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Balance at the beginning of the year	42 442 129	17 736 176	1 379 405	170 305
Increase in expected credit losses on receivables	15 066 838	37 202 115	15 066 838	1 209 100
Net Monetary adjustment	(41 062 725)	(12 496 162)	-	-
Balance at end of year	16 446 242	42 442 129	16 446 243	1 379 405

Notes to the Consolidated and Separate Financial Statements

8. Inventories

The Group and Company measures inventory at lower of cost and net realisable value.

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Stores	404 499 235	313 187 516	79 924 052	9 695 750
Sugar and by products	306 582 865	551 352 769	175 125 614	11 658 136
	711 082 100	864 540 285	255 049 666	21 353 886

The carrying amounts shown above are net of the provision for obsolescence shown below:

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Provision for obsolescence	1 376 318	1 162 722	399 956	25 064

Molasses stocks, being a by-product from the sugar production process are valued at net realisable value. The value of these stocks was as noted below:

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Molasses stock	2 230 254	832 004	2 230 254	27 041

- There are no other stocks valued at net realisable value.
- There are no other stocks valued at fair value less cost to sale.
- There were no stock write downs recognised as an expense during the year.
- The amount of inventory recognised as an expense during the year 2024:ZWL 6.1 trillion (2023: ZWL 1.6 trillion).
- The Group and Company do not have inventories pledged as security for liabilities.

9. Capital and reserves

9.1 Authorised and issued share capital

The Company has an authorised share capital of 200 million shares with a value of ZWL0.08 each, of which 193 020 564 shares have been issued, at a total historical cost of ZWL15 441 645.12 and inflation adjusted of ZWL 119 649 067 126.

9.2 Unissued share capital

The Directors are authorised to issue or dispose of all or any of the unissued share capital of the Company. Such authorisation is renewed at each Annual General Meeting and is subject to the limitations of the Companies and Business entities Act [Chapter 24:31] and the Zimbabwe Stock Exchange.

Notes to the Consolidated and Separate Financial Statements

9.3.1 Other components of equity - Group

Other components of equity comprises of foreign currency translation reserve and deferred tax on post acquisition profits of foreign associate Tongaat Hulett Botswana (Proprietary) Limited.

INFLATION ADJUSTED

	Foreign currency translation reserve ZWL'000	Other ZWL'000	Total ZWL'000
Balance at 31 March 2022	(2 820 165)	(23 124 597)	(25 944 762)
Movements in other components of equity in foreign associated company, net of tax	15 204 338	(6 231 876)	8 972 462
Deferred tax on post acquisition of foreign associated company	-	(6 231 876)	(6 231 876)
Foreign operations – foreign currency translation differences	15 204 338	-	15 204 338
	12 384 173	(29 356 473)	(16 972 300)
Balance at 31 March 2023	(53 105 385)	(6 493 748)	59 599 133)
Movements in other components of equity in foreign associated company, net of tax	-	(6 493 748)	(6 493 748)
Deferred tax on post acquisition of foreign associated company	(53 105 385)	-	(53 105 385)
Foreign operations – foreign currency translation differences			
	(40 721 212)	(35 850 221)	(76 571 433)
Balance at 31 March 2024			

HISTORICAL COST

	Foreign currency translation reserve ZWL'000	Other ZWL'000	Total ZWL'000
Balance at 31 March 2022	263 170	17 255	280 425
Movements in other components of equity in foreign associated company, net of tax	1 059 063	(202 541)	856 522
Deferred tax on post acquisition of foreign associated company	-	(202 541)	(202 541)
Foreign operations – foreign currency translation differences	1 059 063	-	1 059 063
	1 322 233	(185 286)	1 136 947
Balance at 31 March 2023	34 979 316	(6 493 748)	28 485 568
Movements in other components of equity in foreign associated company, net of tax	-	(6 493 748)	(6 493 748)
Deferred tax on post acquisition of foreign associated company	34 979 316	-	34 979 316
Foreign operations – foreign currency translation differences			
	36 301 549	(6 679 034)	29 622 515
Balance at 31 March 2024			

Notes to the Consolidated and Separate Financial Statements

10.1 Deferred Tax Liability - Group

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Balance at the beginning of the year	649 520 521	486 718 011	13 683 014	2 564 911
Movement through OCI - actuarial gain on post-retirement provision	(345 697 077)	(42 199 345)	(34 551 651)	(585 250)
Movement through OCI - exchange gain on translation of equity in foreign associated company	6 493 748	6 231 876	6 493 748	202 541
Movement through profit and loss *	218 892 696	198 769 979	172 553 097	11 500 812
Income tax rate change	27 063 355	-	570 126	-
Balance at the end of the year	556 273 243	649 520 521	158 748 334	13 683 014
Deferred tax comprises the tax effect of temporary differences arising from:				
Property, plant and equipment, right of use and intangible asset	212 730 746	205 980 397	4 591 375	1 078 305
Provisions, prepayments and exchange differences	107 377 150	15 587 476	(82 008 388)	(1 304 107)
Biological assets	229 434 443	420 655 709	229 434 443	13 671 659
Accumulated profit of foreign associated company	6 730 904	7 296 939	6 730 904	237 157
Balance at the end of the year	556 273 243	649 520 521	158 748 334	13 683 014

* Included in this movement is an amount of ZWL 191 221 266 000; (2023 - ZWL 143 500 350 000) relating to the deferred tax expense movement on temporary differences arising from biological assets recognised in profit/loss.

10.2 Deferred Tax Liability - Company

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Balance at the beginning of the year	642 223 583	483 060 383	13 445 578	2 530 023
Movement through OCI actuarial gain on post-retirement provision	(345 697 077)	(42 199 345)	(34 551 651)	(585 250)
Movement through profit and loss*	226 256 518	201 362 545	172 562 990	11 500 805
Income tax rate change	26 759 316	-	560 232	-
Balance at the end of the year	549 542 340	642 223 583	152 017 149	13 445 578
Deferred tax comprises the tax effect of temporary differences arising from:				
Property, plant and equipment, right of use and intangible assets	212 730 746	205 980 397	4 591 375	1 078 305
Provisions, prepayments and exchange differences	107 377 151	15 587 477	(82 008 669)	(1 304 386)
Biological assets	229 434 443	420 655 709	229 434 443	13 671 659
Balance at the end of the year	549 542 340	642 223 583	152 017 149	13 445 578

* Included in this movement is an amount of ZWL 191 221 266 000; (2023 - ZWL 143 500 350 000) relating to the deferred tax expense movement on temporary differences arising from biological assets recognised in profit/loss.

Notes to the Consolidated and Separate Financial Statements

11. Trade and other payables

Trade payables comprise amounts outstanding for trade purchases. The average credit terms taken to settle trade purchases denominated in the ZWL is 7 days (2023:7 days), while the average credit terms for trade purchases denominated in the USD is 45 days (2023:21 days) due to cashflow constraints emanating from lost sales due to cheap imports. However the aging has normalised post 31 March to regain confidence in the supply chain. The majority of trade payables do not accrue interest. Other payables include accrued cane purchases among others. The Group and Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Directors consider that the carrying amount of accounts payable approximates their fair value.

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Financial Liabilities:				
Trade payables	451 421 681	813 087 303	451 421 681	26 426 010
Other payables*	199 459 159	146 904 649	199 459 160	4 774 523
Payroll creditors	61 417 794	18 610 695	61 417 794	604 863
Trade and other payables excluding prepaid revenue	712 298 634	978 602 647	712 298 635	31 805 396
Non -Financial Liability				
Prepaid revenue	3 953 622	32 866 719	2 233 259	1 064 701
Total trade and other payables	716 252 256	1011 469 366	714 531 894	32 870 097

*Other payables comprise cane purchases accrual, utilities, creditors accruals, local authority rates and debtors with credit balances.

The separation of prepaid revenue from trade and other payables in the current year was done to improve disclosure of what constitutes financial and non financial liabilities. This did not change any numbers in the primary financial statements but rather to provide an enhanced not disclosure.

12.1 Provisions

12.1 Employee benefits provisions (Defined Benefit Plan)

Employee benefits provisions comprise of benefits, other than pension distributions, paid to employees on and during retirement. The Group and Company recognises post-retirement medical aid provision relating to a medical benefit which covers medical treatment costs incurred by eligible employees after retirement and a retirement gratuity provision relating to an after-retirement social security benefit, provided to eligible employees by the Group and Company on account of the services provided by them to the establishment. The Group and Company notes that in the past 3 years there have been no plan amendments, curtailments and settlements. The plans are administered by registered actuaries. The liabilities are summarised as follows:

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Post-retirement medical aid provisions (note 12.1.1)	71 079 642	85 935 472	71 079 642	2 792 974
Retirement gratuity (note 12.1.2)	80 372 386	76 383 762	80 372 386	2 482 536
	151 452 028	162 319 234	151 452 028	5 275 510

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Provision- current	299 045	4 521 239	299 045	146 944
Provision - non-current	151 152 983	157 797 995	151 152 983	5 128 566
	151 452 028	162 319 234	151 452 028	5 275 510

Notes to the Consolidated and Separate Financial Statements

12. Provisions (continued)

12.1 Employee benefit provisions (Defined Benefit Plan) (continued)

12.1.1 Post-retirement Medical Aid

The Group and Company recognises a post-retirement medical aid provision relating to a medical benefit which covers medical treatment costs incurred by eligible employees after retirement. This unfunded liability is determined actuarially each year using the projected unit credit method. The most recent actuarial valuation of the obligation was carried out as at 31 March 2024 by qualified actuaries. Below is a reconciliation of the movement in the provision.

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Net liability at the beginning of year	85 935 472	36 094 493	2 792 974	346 584
Actuarial loss included in other comprehensive income:	628 584 997	93 077 432	62 825 667	2 006 419
From changes in experience items during the year	628 584 997	93 077 432	62 825 667	2 006 419
Net expense recognised in profit and loss	63 654 544	22 027 189	6 362 130	474 828
Current service cost	1 144 378	666 807	114 378	14 374
Interest cost	62 510 166	21 360 382	6 247 752	460 454
Less benefits paid during the year	(9 015 984)	(1 617 010)	(901 129)	(34 857)
Adjustment due to IAS 29 application	(698 079 387)	(63 646 632)	-	-
Net liability at the end of the year	71 079 642	85 935 472	71 079 642	2 792 974

The principal actuarial assumptions applied are:				
Discount rate	23%	217%	23%	217%
Health care cost inflation rate	21.5%	214.0%	21.5%	214.0%
Weighted average duration of the obligation	16.6 years	16.4 years	16.6 years	16.4 years

Sensitivity analysis (based on varying individual input)

	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Sensitivity of discount rates:				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	(1 379 265)	(15 610 848)	(1 379 265)	(507 366)
1% increase in trend rate - decrease in the obligation	(5 570 677)	(6 722 106)	(5 570 677)	(218 474)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	2 066 919	23 490 494	2 066 919	763 461
1% decrease in trend rate - increase in the obligation	8 315 705	10 081 697	8 315 705	327 664
Sensitivity of healthcare cost trend rates:				
1% increase in trend rate - increase in the aggregate of the service and interest costs	(2 346 940)	(26 693 412)	(2 346 940)	(867 558)
1% increase in trend rate - increase in the obligation	(9 433 549)	(11 446 816)	(9 433 549)	(372 031)
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	1 938 770	22 036 608	1 938 770	716 208
1% decrease in trend rate - decrease in the obligation	7 808 811	9 466 390	7 808 811	307 666
Estimated contributions payable in the next financial year	191 532	1 661 465	191 532	53 999

Notes to the Consolidated and Separate Financial Statements

12.1.1 Post-retirement medical aid (continued)

Key risks associated with the post-retirement medical aid obligation:

- i) Higher than expected inflation (to which medical cost/contribution increases are related)
- ii) "Real" future medical aid cost/contribution inflation (i.e. above price inflation) turns out higher than allowed for.
- iii) Longevity – pensioners (and their dependents) living longer than expected in retirement.
- iv) Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the Group.

12.1.2 Retirement gratuity

The Group and Company recognises a retirement gratuity provision relating to an after-retirement social security benefit, provided to eligible employees by the Group and Company on account of the services provided by them to the establishment. This unfunded liability is determined actuarially each year using the projected unit credit method. The most recent actuarial valuation of the obligation was carried out as at 31 March 2024 by qualified actuaries. Below is a reconciliation of the movement in the provision.

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Net liability at the beginning of year	76 383 762	52 610 072	2 482 537	505 168
Actuarial loss included in other comprehensive income:	769 865 963	77 631 892	76 946 384	1 673 468
From changes in experience items during the year	769 865 963	77 631 892	76 946 384	1 673 468
Net expense recognised in profit and loss	33 757 058	17 177 295	3 373 943	370 282
Current service cost	1 969 189	1 007 889	196 816	21 727
Interest cost	31 787 869	16 169 406	3 177 127	348 555
Less benefits paid during the year	(24 317 462)	(3 079 380)	(2 430 478)	(66 381)
Adjustment due to IAS 29 application	(775 316 935)	(67 956 117)	-	-
Net liability at the end of the year	80 372 386	76 383 762	80 372 386	2 482 537

The principal actuarial assumptions applied are:				
Discount rate	23%	117%	23%	117%
Salary inflation rate	21%	114%	21%	114%
Weighted average duration of the obligation	13.1 years	13.3 years	13.1 years	13.3 years

Notes to the Consolidated and Separate Financial Statements

12. Provisions (continued)

Sensitivity analysis (based on varying individual input)

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Sensitivity of discount rates:				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	(2 548 223)	(10 536 409)	(2 548 223)	(342 442)
1% increase in trend rate - decrease in the obligation	(8 126 926)	(7 760 556)	(8 126 926)	(252 225)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	3 010 181	12 484 559	3 010 181	405 759
1% decrease in trend rate - increase in the obligation	9 541 684	9 151 859	9 541 684	297 443
Sensitivity of salary inflation trend rates:				
1% increase in trend rate - increase in the aggregate of the service and interest costs	2 947 574	12 225 996	2 947 574	397 355
1% increase in trend rate - increase in the obligation	9 327 554	8 949 741	9 327 554	290 874
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	(2 542 098)	(10 510 055)	(2 542 098)	(341 586)
1% decrease in trend rate - decrease in the obligation	(8 094 398)	(7 730 588)	(8 094 398)	(251 251)
Estimated contributions payable in the next financial year	107 513	2 859 773	107 513	92 945

Key risks associated with the retirement gratuity obligation:

- i) Higher than expected inflation (to which salary increases are related).
- ii) "Real" salary increases (i.e. above price inflation) turns out higher than allowed for.
- iii) Large number of early retirements (normal or ill health) bringing forward gratuity payments.
- iv) Fewer exits prior to retirement than expected (i.e. more people reach retirement than allowed for in terms of current demographic assumptions).
- v) Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the Group.

Limitations of methods and assumptions used in sensitivity analysis

- i) Sensitivity analysis will provide many impacts on the outcome, but it does not point to the best choice which can have full benefit. It just provides information on the impact which may not happen.
- ii) Sensitivity analysis only tells the effect of variable change. However, it does not show the possibility of those changes.

Notes to the Consolidated and Separate Financial Statements

12.2 Leave pay provisions

The provision for leave pay represents the amount of outstanding annual leave at the end of the year. The liability will be extinguished when employees go on leave, retire or resign from employment. A provision is recognised for benefits accruing to employees in respect of annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Balance at the beginning of the year	29 439 632	31 598 168	956 812	303 409
Movement during the year	61 954 692	29 136 222	61 954 693	653 403
Net Monetary adjustments	(28 482 819)	(31 294 758)	-	-
Balance at the end of the year	62 911 505	29 439 632	62 911 505	956 812

13. Leases

The Group and Company lease commercial buildings for ZSS, its marketing arm which acts as a broker to the sugar millers, with all income and expenditure to the millers' account. The average lease term is 3 years. The Group and Company does not have an option to purchase the properties at the expiry of the lease periods.

The Group and Company also lease office equipment (office printers) with an average lease term of 5 years. The Group and Company are exposed to foreign currency risk as a result of the lease arrangements, as the leases are denominated in USD. The following table sets out a maturity analysis of the Group and Company's lease payments, showing the undiscounted cash flows to which the Group and Company are exposed in respect of the lease contracts after the reporting date.

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Maturity analysis – contractual undiscounted cash flows				
Due within one year	1 320 532	1 569 728	1 320 532	51 017
Due within one to two years	2 676 595	1 892 335	2 676 595	61 502
Due within two to three years	714 597	926 977	714 597	30 128
Total undiscounted lease liabilities at 31 March	4 711 724	4 389 040	4 711 724	142 647
Lease liabilities included in the statement of financial position	2 036 851	4 161 817	2 036 851	135 262
Analysed as follows:				
Current liability	1 320 532	1 569 728	1 320 532	51 017
Non-current liability	716 319	2 592 089	716 319	84 245
Amounts recognised in profit or loss				
Interest accrued on lease liabilities	554 031	480 035	85 093	13 249
Amounts recognised in the statement of cash flows				
Total cash outflow for leases	(2 259 464)	(1 707 149)	(440 800)	(36 800)

Notes to the Consolidated and Separate Financial Statements

14. Borrowings

14.1 Borrowings

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Unsecured	274 725 210	284 996 380	274 725 210	9 262 618
Loans from: - Stanbic Bank of Zimbabwe *	274 725 210	284 996 380	274 725 210	9 262 618

Summary of borrowing arrangement

*Hippo Valley pledges, as security to its indebtedness to the lender in respect of the loan facilities, all monies, balances, rights, title and interest (present and future) in and relating or accruing to the Nostro and ZWG bank accounts. In the event of breach of terms of agreement, the lender may restricts debits from the Nostro/ZWG bank accounts.

*The Stanbic loan consisted of a short term renewable USD denominated loan bearing interest of 9.1% per annum in 2024 and a tenure of 365 days (2023: 7.5% per annum and a tenure of 365 days).

*The Group and Company does not have any property, plant and equipment pledged as security for any debts.

14.2.1 Current year reconciliation of liabilities arising from financing activities

	INFLATION ADJUSTED				
	31.03.23 ZWL'000	Financing cash inflows ZWL'000	Financing cash outflows ZWL'000	Non cash changes (i) ZWL'000	31.03.24 ZWL'000
Lease	4 161 817	-	(1 706 857)	(418 109)	2 036 851
Bank loan	284 996 380	1342 356 132	(1201 996 348)	(150 630 954)	274 725 210

(i) Bank loan-non cash changes include forex revaluation of ZWL733 759 459 000 and an impact of inflation (IAS 29) adjustment of (ZWL884 390 412 560).

(i) Lease-non cash changes include accrued interest but not paid of ZWL1 424 154 and gain on forex revaluation of ZWL2 229 143 118, net monetary loss of ZWL2 676 828 356 and recognition of new leases ZWL28 151 872.

	HISTORICAL COST				
	31.03.23 ZWL'000	Financing cash inflows ZWL'000	Financing cash outflows ZWL'000	Non cash changes (i) ZWL'000	31.03.24 ZWL'000
Lease	135 262	-	(357 131)	2 258 720	2 036 851
Bank loan	9 262 618	179 636 617	(176 220 276)	262 046 251	274 725 210

14.2.2 Comparative year reconciliation of liabilities arising from financing activities

	INFLATION ADJUSTED				
	31.03.23 ZWL'000	Financing cash inflows ZWL'000	Financing cash outflows ZWL'000	Non cash changes (i) ZWL'000	31.03.24 ZWL'000
Lease	659 908	-	(1 231 329)	4 733 238	4 161 817
Bank loan	127 846 222	485 075 832	(338 450 263)	10 524 589	284 996 380

Notes to the Consolidated and Separate Financial Statements

	INFLATION ADJUSTED				31.03.24 ZWL'000
	31.03.23	Financing cash inflows	Financing cash outflows	Non cash changes (i)	
	ZWL'000	ZWL'000	ZWL'000	ZWL'000	
Lease	6 337	-	(23 688)	117 911	135 262
Bank loan	1 227 594	10 456 513	(7 295 786)	4 874 297	9 262 618

(i) Non cash changes on bank loans include forex revaluation of ZWL198 623 237 247 and an impact of inflation (IAS 29) adjustment of (ZWL188 108 142 616).

(i) Lease-non cash changes include accrued interest but not paid of ZWL4 214 140 and gain on forex revaluation of ZWL2 876 198 704, net monetary loss of ZWL1 100 705 983 and adjustment of lease period of ZWL2 953 531 139.

15. Operating Profit

		INFLATION ADJUSTED		HISTORICAL COST*	
		Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
		Revenue	25	7 509 396 798	4 284 860 880
Cost of sales		(6 068 265 902)	(2 600 588 421)	(648 965 397)	(51 649 077)
Agricultural and mill chemicals		(263 422 596)	(40 934 252)	(28 171 500)	(812 976)
Cane purchases		(3 503 539 646)	(1 499 825 253)	(221 214 408)	(29 778 407)
Depreciation and amortisation		(25 338 330)	(103 704 579)	(206 523)	(84 423)
Staff costs		(1 685 125 475)	(528 294 634)	(278 846 137)	(12 477 551)
Maintenance and other direct production costs		(590 839 855)	(427 829 703)	(120 526 829)	(8 495 720)
Gross profit		1 441 130 896	1 684 272 459	688 917 410	48 929 849
Marketing and selling expenses		(252 662 442)	(422 434 007)	(26 374 415)	(10 126 216)
Administration costs		(1 140 425 257)	(1 012 433 351)	(222 408 229)	(26 361 850)
Audit fees - external		(13 926 026)	(13 582 712)	(4 768 770)	(394 927)
- internal		(7 754)	(869 204)	(858)	(22 186)
Depreciation and amortisation		(6 021 399)	(1 356 560)	(42 622)	(13 575)
Depreciation of right of use asset		(183 329)	(634 216)	(1 098)	(1 095)
Staff costs		(396 552 971)	(497 621 261)	(105 005 921)	(13 966 653)
Maintenance and other administration costs*		(723 733 778)	(498 369 399)	(112 588 960)	(11 963 414)
Expected credit losses	7	(15 066 838)	(37 202 115)	(15 066 838)	(1 209 100)
Fair value adjustment on biological assets	6	(810 674 126)	580 559 649	835 701 482	44 540 920
Other operating income/(expenses)		(496 040 461)	3 983 910	(174 789 640)	(580 548)
(Loss)/profit on disposal of property, plant, equipment and intangible assets		(3 454 739)	(480 103)	852 536	(11 519)
Exchange losses		(705 426 008)	(172 191 418)	(201 958 906)	(4 778 292)
Other sundry income**		212 840 286	176 655 431	26 316 730	4 209 263
Operating profit		(1 273 738 228)	796 746 545	1 085 979 770	55 193 055

*Maintenance and other administration costs includes utilities & electricity of ZWL10 179 150 503, Insurance of ZWL10 691 075 275, general expenses of ZWL23 574 893 245 and other taxes ZWL10 012 854 020.

**The Group and Company generated sundry income from sale of agriculture inputs and fuel to out-growers, rentals, sale of scrap metal, and sale of sundry crops.

Notes to the Consolidated and Separate Financial Statements

15.1 Revenue

The Group and Company have assessed that the disaggregation of revenue by operating segments as detailed in note 25 is appropriate in meeting the revenue disaggregation disclosure requirements of IFRS 15: Revenue from contracts with customers, as this is the information regularly reviewed by the Chief Executive Officer (being the chief operating decision maker) in order to evaluate the financial performance of the Group and Company. There are no unsatisfied performance obligations at 31 March 2024 (2023: nil) as all revenues from the sale of the Group and Company's products are considered to be satisfied by a single performance obligation.

16. Net finance (charges)/income

	INFLATION ADJUSTED		HISTORICAL COST*	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year 31.03.24 ZWL'000	Year 31.03.23 ZWL'000
Finance income	46 775 580	148 001 521	6 728 716	3 893 207
Finance cost	(98 017 907)	(94 046 767)	(21 324 250)	(2 392 832)
Foreign exchange adjustment on cash balances and borrowings*	(546 573 977)	45 182 866	(74 860 768)	1 043 723
	(597 816 304)	99 137 620	(89 456 302)	2 544 098

*The separation of exchange movements from finance costs and finance income in the current year was done to improve disclosure of actual finance costs and finance income. This did not change any numbers in the primary financial statements but rather to provide an enhanced note disclosure.

Notes to the Consolidated and Separate Financial Statements

17. Group and Company Income tax expense

17.1: Group Income Tax Expense

Income tax expense

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Current year normal tax	-	(67 757 556)	(99 899 815)	(3 530 755)
Change in tax rate	(27 063 355)	-	(570 126)	-
Movement in current year deferred taxation	(218 892 696)	(198 785 534)	(172 553 097)	(11 825 735)
Charged to group statement of profit or loss	(245 956 051)	(266 543 090)	(273 023 038)	(15 356 490)

17.1.2 Company Income Tax Expense

Income tax expense

	INFLATION ADJUSTED		HISTORICAL COST*	
	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000	As at 31.03.24 ZWL'000	As at 31.03.23 ZWL'000
Current year normal tax	-	(65 180 545)	(99 899 816)	(3 855 685)
Change in tax rate	(26 759 316)	-	(560 232)	-
Movement in current year deferred taxation	(226 256 518)	(201 362 545)	(172 562 990)	(11 500 805)
Charged to company statement of profit or loss	(253 015 834)	(266 543 090)	(273 023 038)	(15 356 490)

In historical cost terms, the Group and Company had a taxable income on which ZIMRA bases tax assessments. Per the application of IAS 29 methodology, the outcome of the inflation-adjusted current year tax computation results in a nil current tax expense.

Given the economic reality that there is no tax/assessed loss and therefore no future tax deductions against future taxable income allowable by ZIMRA, no corresponding deferred tax asset is recognised.

17.2: Group and Company Tax Rate Reconciliation

Reconciliation of tax rate	%	%	%	%
Notional tax rate	24.72	24.72	24.72	24.72
Tax effect of associate results reported net of tax	(0.17)	(0.52)	(0.13)	(0.23)
Tax effect of Income exempt from tax	-	-	-	-
Tax effect of expenses not deductible for tax purposes	90.65	9.60	1.61	1.80
Tax effect of inflation adjustment	(83.78)	(1)	-	-
Tax effect of dividend income from associate taxed at 20%	0.03	0.30	0.02	.12
Tax effect of rate changes	0.04	-	1.03	-
Effective tax rate (ETR) (%)	31.49	33.47	27.25	26.40

The ETR for the group and company is at 31.49% and the difference between the two is immaterial to warrant a separate disclosure.

In the 2024 annual budget address, the Ministry of Finance announced an increase in corporate income tax rate, rising from 24.72% to 25.75% for companies with a fiscal year ending on or after 31 December 2024. This adjustment has implications on the calculation of deferred tax liabilities as at 31 March 2024, and will influence standard income tax obligations in forthcoming periods.

17.3 Key tax matters

17.3.1 VAT on 'milling services'

During the year ended 31 March 2019, the Company was issued with assessments amounting to ZWL11.4 million by the Zimbabwe Revenue Authority (ZIMRA) for alleged failure to collect and remit VAT on 'milling services' on payments to farmers. ZIMRA is of the view that the Company mills the sugar cane on behalf of the farmers and hence should charge output VAT for the services being provided. The Company's objection to the assessments was disallowed by the Commissioner General and an appeal was made to the fiscal court where the case was concluded in favor of the company. ZIMRA in turn appealed through the Supreme court, where the case was heard in February 2022 and the same Fiscal court ruling was upheld. Since the Company had already settled the ZWL11.4million, ZIMRA became obliged to refund the amount in full plus costs. In the same month, ZIMRA re-issued the same assessments founded on the same facts and circumstances and the Company objected since the matter is considered *res judicata* (action may not be relitigated between the same parties).

Matter was heard on November 2023 in Fiscal Court and an *ex tempore (oral)* judgment was issued expressing that the matter was classically *res judicata*. The judge emphasised that the Court's earlier judgment of the Court was still extant and ZIMRA could not succeed in the absence of a Supreme Court judgment setting aside the extant judgment. ZIMRA did not appeal and matter is considered closed. This amount is disclosed under sundry receivables (note 7). No expected credit loss was determined on this balance since it has low credit risk.

17.3.2 Exemption of Sugar and Sugarcane

With effect from 01 January 2024, sugar and sugarcane were exempted from Value Added Tax (VAT). The implication is that 15% VAT on expenditure related to the production of sugar and sugarcane is no longer claimable. The impact is an increase in budgeted costs by the VAT component.

Notes to the Consolidated and Separate Financial Statements

18. Earnings per share

18.1 Earnings per share for the Group

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Profit for the year	535 134 200	529 886 726	728 928 097	42 802 254
Adjustments:				
Loss/ (Profit) on disposal of property, plant and equipment	3 454 739	480 103	(852 536)	519
Headline earnings	538 588 939	530 366 829	728 075 561	42 813 773
Weighted average number of shares in issue (shares)	193 021 ZWL cents	193 021 ZWL cents	193 021 ZWL cents	193 021 ZWL cents
Basic and diluted earnings per share	277 241	274 523	377 642	22 175
Headline and diluted headline earnings per share	279 031	274 772	377 200	22 181

18.2 Earnings per share for the Company

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Profit for the year	527 510 952	521 381 086	727 896 334	42 701 634
Adjustments:				
Loss/ (Profit) on disposal of property, plant and equipment	3 454 739	480 103	(852 536)	11 519
Headline earnings	530 965 691	521 861 189	727 043 798	42 713 153
Weighted average number of shares in issue (shares)	193 021 ZWL cents	193 021 ZWL cents	193 021 ZWL cents	193 021 ZWL cents
Basic and diluted earnings per share	273 292	270 116	377 107	22 123
Headline and diluted headline earnings per share	275 082	270 365	376 666	22 129

Headline earnings

Headline earnings comprise basic earnings attributable to ordinary shareholders adjusted for profits, losses and items of a capital nature that do not form part of the ordinary activities of the Group and Company.

Earnings per share is calculated as above. Basic and diluted earnings for the Group and Company are equal.

Notes to the Consolidated and Separate Financial Statements

19. Dividends

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Dividend payable at the beginning of the year	-	-	-	-
Dividend declared	-	14 140 032	-	393 688
Dividend paid	-	(14 140 032)	-	(393 688)
Dividend not yet paid	-	-	-	-

Notes to the Consolidated and Separate Financial Statements

20. Notes to the Group statement of cash flows

20.1 Cash generated from operations

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Profit before tax	781 090 251	796 429 816	1 001 951 135	58 158 744
Depreciation and amortisation	32 934 123	105 093 500	329 864	124 585
Exchange loss	725 921 741	137 744 812	(131 591 544)	2 817 837
Net movement in provisions	(14 547 913)	(3 021 741)	12 421 320	(65 138)
Gross movement in provisions	4 804 765	73 614 668	161 618 248	4 423 758
Movement attributable to reserves	(19 352 678)	(76 636 409)	(149 196 928)	(4 488 896)
Monetary (gain)/loss	(2 647 217 116)	116 295 257	-	-
Net finance charges / (income)	597 816 304	(99 137 620)	89 456 302	(2 544 098)
Share of associate companies' profit after tax (note 5)	(5 427 667)	(16 840 908)	(5 427 667)	(421 591)
Loss/(profit) on disposal of property, plant and equipment	3 454 739	480 103	(852 536)	11 519
Fair value loss/(gain) on biological assets (Note 6)	810 674 126	(580 559 649)	(835 701 482)	(44 540 920)
	284 698 588	456 483 570	130 585 392	13 540 938

20.1.1 Changes in working capital

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Decrease/(increase) in inventories	153 083 293	(519 171 156)	(234 070 672)	(17 066 773)
Increase in accounts receivables	(181 193 967)	(140 608 871)	(776 545 642)	(19 254 185)*
(Decrease)/increase in accounts payable	(295 217 109)	341 403 857	681 661 796	25 535 688
Increase/(decrease) in leave pay	33 471 873	(2 158 536)	61 954 692	653 403
	(289 855 910)	(320 534 706)	(266 999 826)	(10 131 867)

*In prior year accounts receivable included amounts that have been reclassified to investing activities of (ZWL4 886 555 229). Refer to note 24 for the correction of the error.

20.2 Notes to the Company statement of cash flows

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Cash generated from operations				
Profit before tax	780 526 786	787 924 176	1 000 919 373	58 058 124
Depreciation and amortisation	32 934 123	105 093 500	329 864	124 585
Dividend received from associate	(4 864 202)	(10 927 834)	(4 395 905)	(320 971)
Exchange loss / (gains)	725 921 741	137 744 812	(131 591 544)	2 817 837
Net movement in provisions	(14 547 913)	(3 021 741)	12 421 320	(65 138)
Gross movement in provisions	4 804 765	73 614 668	161 618 248	4 423 758
Movement attributable to reserves	(19 352 678)	(76 636 409)	(149 196 928)	(4 488 896)
Monetary (gain) / loss	(2 647 217 116)	118 887 823	-	-
Net finance charges / (income)	597 816 304	(99 137 620)	89 456 302	(2 544 098)
Loss/(Profit) on disposal of property, plant and equipment	3 454 739	480 103	(852 536)	11 519
Fair value loss/(gain) on biological assets (Note 6)	810 674 126	(580 559 649)	(835 701 482)	(44 540 920)
	284 698 588	456 483 570	130 585 392	13 540 938

Notes to the Consolidated and Separate Financial Statements

20.2.1 Changes in working capital

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Decrease/(increase) in inventories	153 083 293	(519 171 156)	(234 070 672)	(17 066 773)
Increase in accounts receivables	(181 193 967)	(140 608 871)	(776 545 642)	(19 254 185)*
(Decrease)/increase in accounts payable	(295 217 109)	341 403 857	681 661 796	25 535 688
Increase/(decrease) in leave pay	33 471 873	(2 158 536)	61 954 692	653 403
	(289 855 910)	(320 534 706)	(266 999 826)	(10 131 867)

*In prior year accounts receivable included amounts that have been reclassified to investing activities of (ZWL4 886 555 229). Refer to note 24 for the correction of the error.

20.3 Proceeds on disposal of property, plant, equipment, right of use asset and intangible assets

This note applies to Group and Company property, plant, equipment, right of use asset and intangible assets.

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Carrying amount of property, plant, equipment and intangible assets disposed of	4 945 629	356 945	76 497	11 519
(Loss)/Profit on disposal	(3 454 739)	(356 945)	852 536	(11 519)
Proceeds from Disposal	1 490 890	-	929 033	-

21. Directors' emoluments

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
In respect of services as Directors	6 796 071	3 834 017	796 086	100 914
In respect of managerial services	1 179 620	9 292 717	132 839	200 318
	7 975 691	13 126 734	928 925	301 232

22. Employee benefit expense

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Short-term benefits	2 418 128 469	1 321 979 285	422 816 794	28 497 180
Post-employment benefits	253 077 418	35 341 252	25 294 523	761 832
	2 671 205 887	1 357 320 537	448 111 317	29 259 012

23. Borrowing powers

In terms of Article 89 of the Articles of Association as amended at the extraordinary general meeting held on 20 April 2002, the borrowing power of the Company is limited to a maximum amount equal to half the shareholders' funds comprising issued capital, share premium, non-distributable reserves and distributable reserves.

Notes to the Consolidated and Separate Financial Statements

24. Related party transactions and balances

Sugar revenue which constitutes approximately 96% of the Group and Company revenue is derived from sales made on behalf of the Group and Company by Zimbabwe Sugar Sales (Private) Limited in which the Group and Company has a 50% shareholding (note 3.2). The following amounts were received from ZSS in respect of sugar sales.

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Sugar revenue	7 236 306 234	4 086 571 719	1 297 030 834	95 322 423

24.1 Balances between the Group and related parties as at 31 March are shown below:

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Trade receivables				
Triangle Limited - receivable	166 325 029	296 320 960	166 325 029	9 630 677*
Tongaat Hulett Botswana (Proprietary) Limited - Associate Company (THB)	9 720 524	7 486 314	9 720 524	243 310
Amounts owing by group Companies	176 045 553	303 807 274	176 045 553	9 873 987
Trade payables				
Lowveld Sugar Development Trust (LSDT)	(16 477 235)	(20 348 576)	(16 477 235)	(661 346)
Tongaat Hulett Limited (Tongaat Hulett) - Parent Company (TH)	(166 541 215)	(158 241 855)	(166 541 215)	(5 142 991)
Amounts owing to group companies	(183 018 450)	(178 590 431)	(183 018 450)	(5 804 337)
Borrowings: Amounts owing by group companies				
Triangle Limited (i)	4 194 346	164 222 292	4 194 346	5 337 360*
Lowveld Sugar Development Trust (LSDT)(i)	149 653 470	-	149 653 470	-
	153 847 816	164 222 292	153 847 816	5 337 360
Borrowings: Amounts owing to group Companies				
Triangle Limited	(5 459 033)	-	(5 459 033)	-

(i) Hippo Valley Estates Ltd, Triangle Limited and LSDT are under common control of Triangle Sugar Corporation Limited. The Group and Company has a back to back 365 days unsecured related party loan facility with Triangle and LSDT, which is flexible in terms of currency. The facility is either drawn in Zimbabwean dollars or United States Dollars. The advance at 31 March 2024 is denominated in Zimbabwean dollars and United States Dollars, accruing interest at a rate of 75% and 9.1% per annum respectively. In terms of the agreement, borrower shall repay the aggregate principal amount of the loan and accrued interest thereon or setoff the loan payable against intercompany balance receivable by lender. The terms of agreement are at arms' length.

There are no guarantees given or received in respect of the amounts owed to TH and LSDT and on amounts owed by LSDT, Triangle and THB. Expected credit loss amount of ZWL538 457 461 (2023: ZWL4 622 377 618) in respect of these balances was raised and recognised as an expense in the statement of profit or loss and other comprehensive income.

*Note in prior year the trade receivable amounts of (IA) ZWL296 320 960, (HC:ZWL9 630 677) and loan receivable of (IA) ZWL164 222 292, (HC:ZWL5 337 360) were erroneously combined and shown as a total of ZWL14 968 037 (historical cost). This split has been done in current year and going forward in to correct a prior period error where trade receivables and borrowings (financial asset) from related parties which were incorrectly combined in the 31.03.23 related party note as trade receivables rather than a trade receivable portion and a borrowing portion. This split does not affect the Statement of Profit and Loss and other Comprehensive income however it affects the Statement of Cash flows and the Statement of Financial Position. The cash flow effects of the above were incorrectly all included under operating activities as part of working capital. The Statement of Cash flows is now showing loans advanced to and repaid by related parties under Investing activities.

Notes to the Consolidated and Separate Financial Statements

24.1 Related party transactions and balances (continued)

The error has been corrected as follows in the statement of financial position:

	INFLATION ADJUSTED	HISTORICAL COST
	31.03.23 ZWL'000	31.03.23 ZWL'000
As previously reported		
Trade and other receivables	460 543 252	14 968 037
Amounts owed by group companies	-	-
As Restated		
Trade and other receivables	296 320 960	9 630 677
Amounts owed by group companies	164 222 292	5 337 360
	460 543 252	14 968 037

The impact in the consolidated statement of cashflow -increase/(decrease) in net cashflows:

	INFLATION ADJUSTED	HISTORICAL COST
	31.03.23 ZWL'000	31.03.23 ZWL'000
Changes in working capital	183 122 814	4 886 555
Net cash (outflow)/ inflow from operating activities	183 122 814	4 886 555
Changes in investing activities	(183 122 814)	(4 886 555)
Loans advanced to related parties	(307 127 614)	(8 569 532)
Loan repayments by related parties	124 004 800	3 682 977
Net cash (outflow)/ inflow from investing activities	183 122 814	(4 886 555)
Net impact on the statement of cashflow	-	-

24.3 Transactions between the Group and related parties are shown below:

Tongaat Hulett Limited provides operational support services to the Group and Company. In addition, Tongaat Hulett Limited facilitates purchase of inputs from South Africa on behalf of the Group as part of the Group's initiative to derive synergistic benefits and internal economies of scale. These services and purchases are conducted at arms' length.

	INFLATION ADJUSTED		HISTORICAL COST	
	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000	Year ended 31.03.24 ZWL'000	Year ended 31.03.23 ZWL'000
Triangle Limited				
- Sales	46 097 154	200 528 946	4 607 308	4 322 692
- Operating expenses	(55 557 449)	(39 039 067)	(5 552 843)	(841 544)
- Interest	31 393 514	78 173 214	2 540 602	2 040 945
- Directors' fees	-	-	-	-
	21 933 219	239 663 093	1 595 067	5 522 093
Tongaat Hulett Limited				
- Group support service fees	189 845 307	63 107 057	18 974 614	1 360 364
NCPDZ				
- Sales	6 732 770	2 221 729	824 196	21 333
Tongaat Hulett Botswana (Proprietary) Limited				
- Sugar sales	41 164 641	122 950 614	30 180 467	2 143 076
LSDT				
Cane Purchases	171 374 611	75 909 746	17 128 510	1 636 345

Notes to the Consolidated and Separate Financial Statements

24.4 Compensation to key members of management

The remuneration of Directors and key executives is determined based on the remuneration policy detailed in the Corporate Governance statement.

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Short-term benefits	57 631 110	89 061 426	5 760 100	1 919 751
Post-employment benefits	12 727 901	9 173 583	1 272 125	197 740
	70 359 011	98 235 009	7 032 225	2 117 491

25. Segmental reporting

IFRS 8 "Operating Segments"

The Group and Company has two major operating segments, namely Agriculture and Milling. Other smaller segments which are individually immaterial are aggregated into other farming activities segment. The reportable segments are identified based on the structure of information reported to the Group's Chief Executive Officer (the Chief Operating Decision - Maker) for performance measurement and resource allocation purposes. Agriculture deals mainly with the planting, maintenance, harvesting and haulage of cane to the mill. Milling deals mainly with the crushing of cane and subsequent production of sugar and its by-products. Gaming and other farming activities have been aggregated into a single operating segment on the basis that they are auxiliary activities to the group which individually and in aggregate do not contribute more than 10% of the Group's total revenue. These activities which are of a similar nature mainly deal with game hunting and fishing, citrus fruits and cattle ranching. All these segments operate their activities in Chiredzi. The accounting policies of the reportable segments are the same as the Group and Company's accounting policies.

Sales between segments are carried out at arm's length. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the statement of comprehensive income.

Current assets and total liabilities are not allocated to segments, as working capital and financing are driven by a central treasury function, which manages the cash position of the Group. Information provided regularly to the Chief Executive Officer (Chief Operating Decision - Maker) does not separate these elements into different segments.

Notes to the Consolidated and Separate Financial Statements

25. Segmental reporting (continued)

Segment information for the reportable segments for the year ended 31 March 2024 is as follows:

	INFLATION ADJUSTED			Total 31.03.24 ZWL'000
	Agriculture	Milling	Gaming and other farming activities	
	31.03.24 ZWL'000	31.03.24 ZWL'000	31.03.24 ZWL'000	
Total segment revenue	8 268 232 397	7 447 670 976	15 255 132	15 731 158 505
Inter segment revenue	(8 221 761 707)	-	-	(8 221 761 707)
Revenue from external customers	46 470 690	7 447 670 976	15 255 132	7 509 396 798
Adjusted EBITDA	(1 619 435 263)	1 189 995 339	(690 055)	(430 129 979)
Fair value (loss)/gain on biological assets	(810 945 319)	-	271 193	(810 674 126)
Depreciation and amortisation	(26 479 358)	(6 444 679)	(10 086)	(32 934 123)
Operating profit/(loss)	(2 456 859 940)	1 183 550 660	(428 948)	(1 273 738 228)
Total non-current assets	603 028 813	369 509 967	9 513 287	982 052 067

'Reportable segments' for non-current assets are reconciled to total non-current assets as follows:

	31.03.24 ZWL'000
Segment non-current assets for reportable segments	982 052 067
Right - of - use asset	391 430
Unallocated: Investments in associated companies	37 428 930
Total non-current assets per statement of financial position	1 019 872 427

Segment information for the reportable segments for the year ended 31 March 2023 is as follows:

	INFLATION ADJUSTED			Total 31.03.23 ZWL'000
	Agriculture	Milling	Gaming and other farming activities	
	31.03.23 ZWL'000	31.03.23 ZWL'000	31.03.23 ZWL'000	
Total segment revenue	2 211 120 048	4 263 504 669	5 568 455	6 480 193 172
Inter segment revenue	(2 195 332 292)	-	-	(2 195 332 292)
Revenue from external customers	15 787 756	4 263 504 669	5 568 455	4 284 860 880
Adjusted EBITDA	726 131 875	(407 470 368)	2 618 889	321 280 396
Fair value gain/(loss) on biological assets	580 593 717	-	(34 068)	580 559 649
Depreciation and amortisation	(75 687 042)	(29 222 958)	(183 500)	(105 093 500)
Operating profit/(loss)	1 231 038 550	(436 693 326)	2 401 321	796 746 545
Total non-current assets	449 525 952	340 114 672	64 164 044	853 804 668

Notes to the Consolidated and Separate Financial Statements

25. Segmental reporting (continued)

'Reportable segments' for non-current assets are reconciled to total non-current assets as follows:

	31.03.23
	ZWL'000
Segment non-current assets for reportable segments	853 804 668
Right - of - use asset	1 858 051
Unallocated: Investments in associated companies	89 970 849
Total non-current assets per statement of financial position	945 633 568

Included in revenues arising from direct sales by the milling segment are revenues of approximately ZWL35 995 230 502 (2023: ZWL694 545 833 950) realised from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenue in 2024.

Segment information for the reportable segments for the year ended 31 March 2024 is as follows:

	HISTORICAL COST			Total 31.03.24 ZWL'000
	Agriculture 31.03.24 ZWL'000	Milling 31.03.24 ZWL'000	Gaming and other farming activities 31.03.24 ZWL'000	
Total segment revenue	1 473 077 834	1 326 885 663	2 717 872	2 802 681 369
Inter segment revenue	(1 464 798 562)	-	-	(1 464 798 562)
Revenue from external customers	8 279 272	1 326 885 663	2 717 872	1 337 882 807
Adjusted EBITDA	943 537 297	(693 331 195)	402 050	250 608 152
Fair value gain on biological assets	835 430 289	-	271 193	835 701 482
Depreciation and amortisation	(265 214)	(64 549)	(101)	(329 864)
Operating profit/(loss)	1 778 702 372	(693 395 744)	673 142	1 085 979 770
Total non-current assets	17 177 363	10 525 545	270 988	27 973 896

'Reportable segments' for non-current assets are reconciled to total non-current assets as follows:

	31.03.24
	ZWL'000
Segment non-current assets for reportable segments	27 973 896
Unallocated: Investments in associated companies	53 841
Right - of - use asset	37 428 930
Total non-current assets per statement of financial position	65 456 667

Notes to the Consolidated and Separate Financial Statements

25. Segmental reporting (continued)

Segment information for the reportable segments for the year ended 31 March 2023 is as follows:

	HISTORICAL COST			Total 31.03.23 ZWL'000
	Agriculture 31.03.23 ZWL'000	Milling 31.03.23 ZWL'000	Gaming and other farming activities 31.03.23 ZWL'000	
Total segment revenue	51 901 820	100 077 630	130 709	152 110 159
Inter segment revenue	(51 531 233)	-	-	(51 531 233)
Revenue from external customers	370 587	100 077 630	130 709	100 578 926
Adjusted EBITDA	16 773 416	(5 906 673)	(90 023)	10 776 720
Fair value gain on biological assets	44 000 778	-	540 142	44 540 920
Depreciation and amortisation	(89 724)	(34 643)	(218)	(124 585)
Operating profit/(loss)	60 684 470	(5 941 316)	(449 901)	55 193 055
Total non-current assets	1 898 506	1 436 424	270 990	3 605 920

'Reportable segments' for non-current assets are reconciled to total non-current assets as follows:

	31.03.23
	ZWL'000
Segment non-current assets for reportable segments	3 605 920
Unallocated: Investments in associated companies	1 417 852
Right-of-use asset	47 863
Total non-current assets per statement of financial position	5 071 635

Notes to the Consolidated and Separate Financial Statements

26. Capital expenditure commitments

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Commitments for capital expenditure				
Contracted for	6 260 860	22 124 364	6 260 860	719 060
Authorised but not contracted for	11 920 556	37 999 036	11 920 556	1 235 000
	18 181 416	60 123 400	18 181 416	1 954 060

The capital expenditure will be financed from the Group and Company's resources and existing borrowing facilities.

27. Going concern

27.1 Introduction

The consolidated and separate financial statements have been prepared on a going concern basis in accordance with IFRS Conceptual Framework which assumes that the Group and Company will continue in operation into the foreseeable future. Directors have reviewed the Group's performance and major risks, as well as its cash flow forecasts for the next twelve months. Based on this review, and in light of the current financial position, the directors continued to adopt the going concern basis in preparing the consolidated and separate financial statements having taken into the following considerations:

27.1.1 Land acquisition

The company formally applied to the Government of Zimbabwe, for a 99 year lease on the designated agricultural land under use, which is being finalised. In November 2020, the company received institutional offer letter, which is a commitment from the government for security of tenure. This development is actually to a limited number of companies and progress is underway on securing the 99-year lease for the area under the offer letter.

Notwithstanding Hippo Valley South area being gazetted recently through General Notice 93 of 2024 in the Government Gazette published on the 26th of January 2024, expectations are that the existing title deeds suffice to secure entitlement to the land in question hence this is not viewed as state land. In addition, the company milling license runs up to 2040, which means, in the rare event that the company loses the agriculture land, the company has security to the milling business. Zimbabwe and South Africa signed a Bilateral Agreement for the Promotion and Reciprocal Protection of Investments (BIPPA), which should come into effect if anything happens to subsidiaries of South African companies. Even though the land was gazetted some years back, the company was allowed to continue operating as normal except title to land. In essence, nothing has changed to operations. Sugar is a critical basic commodity for the general populace and the Company employs roughly 6000 employees which the government may not want to disrupt.

Nonetheless the derecognition of the land and the absence of the 99-year lease, the Directors are satisfied that the future economic benefits to be derived from the use of the Government acquired land will continue to flow to the company.

27.1.2 Impact of hyperinflation and foreign currency dynamics

The company has been adjusting product prices in tandem with the growth of input costs and exchange rate fluctuations to safeguard against erosion of profit margins. This is anticipated to continue in the forthcoming financial year as it worked remarkably for the year under audit. Efforts are underway to enhance cost control as well as working capital management in order to safeguard the business' resources.

During the year under audit, the company was exposed to exchange rate fluctuations and this impacted both purchases and sales. This prompted a focus to mitigate against potential losses by conducting sales largely settled in USD while ZWL sales were limited and in the form of prepayments thus counteracting against credit risk. The company enjoyed a fair share of the export markets ensuring a consistent flow of hard currency, which is less volatile and widely accepted. This continues to stabilise our revenue streams against local currency fluctuations.

Furthermore, prices are constantly reviewed by the pricing committee in light of these foreign currency dynamics. The company's strategic reserves includes a balanced mix of USD and the newly introduced currency ZWG to reduce exposure against currency volatility enhancing our financial resilience. Operational efficiencies are continuously pursued to optimise production processes and leveraging technology to contain costs.

Notes to the Consolidated and Separate Financial Statements

On April 5, 2024, the Reserve Bank of Zimbabwe (RBZ) unveiled a new currency Zimbabwe Gold (ZWG) in its 2024 Monetary Policy Statement replacing the ZWL. The ZWG is backed by precious metals, primarily gold, held as reserves by the Reserve Bank of Zimbabwe. This new currency is being circulated alongside other foreign currencies within the economy. Negotiations with suppliers of goods and services is an ongoing process, in an effort to ensure purchases are done at affordable and fair prices as well as allowing the flexibility to switch between the USD and ZWG currencies when settling obligations as this is depended on the currency mix of the company's cash balances.

27.1.3 Impact of Tongaat Hulett South Africa, business rescue

While the South African operations are under the business rescue process, the international businesses which include Hippo Valley Estates are not in business rescue. Note that, Hippo Valley Estates sugar operations are not financially distressed, will not enter business rescue and will continue trading. In addition, with regards intercompany transactions with the South African operations, Hippo Valley Estates is in a net owing position hence exposure due to the development is also minimal. In relation to the processes, there are no key processes with the holding company that would threaten the Company's going concern.

27.1.4 El Nino weather patterns

Latest national and regional weather forecasts indicate erratic to normal rainfall, triggered by the El Nino conditions. Albeit the El Nino episodes that were experienced between December 2023 and March 2024, irrigation water cover for approximately two seasons at normal water duty is secured within the industry's water supply dams. Furthermore, the Company is actively engaging authorities to take measures to eliminate the risk of illegal irrigation water abstractions by third parties without water rights from the Company's canal systems.

27.1.5 Geo-political events in Eastern Europe

Global commodity prices, such as sugar, can be influenced by geo-political events. Any disruptions in sugar production or transportation routes in Eastern Europe could lead to fluctuations in sugar prices on the global market. Potential disruptions in the European sugar supply pose a risk to profitability if alternative markets are not secured by the company.

28. Financial instruments

28.1 Group risk management

The Group and Company manages its capital to ensure that entities in the Group and Company will be able to continue as a going concern while maximising the return to stakeholders through an appropriate debt and equity balance. The Group's strategy remains relatively unchanged from 2023. The capital structure of the Group and Company consists of debt, which includes leases and borrowings, cash and cash equivalents and equity comprising issued share capital, non-distributable reserves, and retained earnings as disclosed in the financial statements.

28.1.1 Gearing ratio

The Board reviews the capital structure on an ongoing basis depending on the emerging needs of the Group. The borrowing powers are detailed in note 23. The gearing ratios at end of year are as calculated below.

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Debt (i)	276 762 061	289 158 197	276 762 061	397 880
Cash and bank balances	(28 991 709)	(148 892 670)	(28 991 709)	(4 839 135)
Net (cash) / debt	247 770 352	140 265 527	247 770 352	4 558 745
Equity (ii)	1 844 683 099	2 421 901 914	705 353 886	53 160 621
Debt plus Equity	2 121 445 160	2 711 060 111	982 115 947	62 558 501
Gearing ratio	13.05%	10.67%	28.18%	15.02%
Net debt to equity ratio	13.43%	5.79%	35.13%	8.58%

- (i) Debt is defined as long-term and short-term borrowings and lease liabilities.
(ii) Equity includes all capital and reserves of the Group that are managed as capital.

Notes to the Consolidated and Separate Financial Statements

28.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses), for each class of financial asset, financial liability and equity instrument are disclosed in significant accounting policy note 7 to the financial statements.

28.3 Categories of financial instruments

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Financial assets				
Amortised cost				
Cash and cash equivalents	28 991 709	148 892 670	28 991 709	4 839 135
Amount owing by group companies-loan to related parties	153 847 816	164 222 292	153 847 816	5 337 360*
Financial assets in trade and other receivables	636 926 156	634 045 275	636 926 156	20 606 996
Total trade and other receivables (note 7)	925 794 970	759 667 841	797 668 678	24 112 831*
Less: Prepayments	(175 282 352)	(84 915 764)	(47 156 060)	(2 182 830)
VAT receivable	(113 586 462)	(40 706 802)	(113 586 462)	(1 323 005)
	819 765 681	947 160 237	819 765 681	30 783 491
Financial liabilities				
Amortised cost				
Trade and other payables (note 11)	712 298 634	978 602 647	712 298 635	31 805 396
Borrowings	274 725 210	284 996 380	274 725 210	9 262 618
	987 023 844	1 263 599 027	987 023 845	41 068 014

*Total trade and other receivables included amounts which have been reclassified to amounts owing by group companies of ZWL5 337 360.

Notes to the Consolidated and Separate Financial Statements

28. Financial instruments (continued)

28.4 Fair value of financial instruments

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of other financial assets and other financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The Group and Company currently does not hold any other forms of financial instruments.

28.5 Financial risk management objectives

The Board through the Audit and Compliance Committee and in conjunction with relevant senior management manages the financial risks relating to the operations of the Group and Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks comprise market risk including currency risk and interest rate risk, credit risk and liquidity risk as well as ancillary risks such as political risk.

In a rapidly changing environment such as Zimbabwe, these risks are managed on an on-going basis. The Group and Company does not enter into or trade in financial instruments for speculative purposes.

28.6 Market risk

The Group and Company's activities expose it primarily to financial risk of interest rates and changes in foreign currency exchange rates.

28.7 Interest rate risk management

The Group and Company is exposed to interest rate risk as entities in the Group and Company borrow funds at fixed interest rates which are however subject to changes in minimum lending rate as gazetted by the authorities. The risk is managed by the Group and Company by optimal borrowing and managing the tenure of various loans. Details of the interest rates on the Group and Company's short term liabilities are provided in note 14.1.

28.7.1 Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on borrowings. With all other variables held constant, the Group's profit before tax is affected by the impact of changes in the interest rate. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities held at the end of the reporting period. A 75% (2023: 75%) increase or decrease in the current year is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	INFLATION ADJUSTED		HISTORICAL COST*	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Effect on profit before tax	206 043 908	213 747 293	206 043 908	6 946 964
Effect on equity*	155 109 854	160 908 963	155 109 854	5 229 674

*The effect on equity is disclosed in the current year to comply with the requirements of IFRS 7.40(a).

Notes to the Consolidated and Separate Financial Statements

28. Financial instruments (continued)

28.8 Foreign currency risk management

The Group and Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group and Company does not use forward exchange contracts to hedge its foreign currency risk. The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

INFLATION ADJUSTED

	Liabilities		Assets	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Exposure to (payables) (GBP)	(1 808)	-	-	-
Exposure to (payables)/receivables (USD)	(142 974 655)	(281 377 527)	15 074 972	46 834 432
Exposure to (payables)/receivables (ZAR)	(4 758 605)	(63 885 197)	2 673	18 062
	(147 735 068)	(345 262 724)	15 077 645	46 852 494

HISTORICAL COST

	Liabilities		Assets	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Exposure to (payables) (GBP)	(1 808)	-	-	-
Exposure to (payables)/receivables (USD)	(142 974 655)	(9 144 541)	15 074 972	1 522 081
Exposure to (payables)/receivables (ZAR)	(4 758 605)	(2 076 217)	2 673	587
	(147 735 068)	(11 220 758)	15 077 645	1 552 668

USD became a foreign currency effective 22 February 2019 (See accounting policy note 3)

28.8.1 Foreign currency sensitivity analysis

The Group and Company is mainly exposed to the currencies of South Africa (ZAR) and the United States of America (USD).

The following table details the Group and Company's sensitivity to a 75% increase and decrease in the ZWL exchange rate against the relevant foreign currencies. 75% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 75% change in foreign currency rates. The sensitivity analysis includes external loans as well as where the denomination of the loan is in a currency other than the ZWL. For a 75% weakening of the ZWL against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

INFLATION ADJUSTED

	USD Impact (Decrease)/Increase		ZAR Impact (Decrease)/Increase	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Change by 75%				
Statement of comprehensive income	(95 924 762)	(175 898 442)	(3 566 949)	(47 900 367)
Effect on equity	(72 212 161)	(132 416 347)	(2 685 199)	(36 057 568)

*The effect on equity is disclosed in the current year to comply with the requirements of IFRS 7.40(a).

Notes to the Consolidated and Separate Financial Statements

28. Financial instruments (continued)

HISTORICAL COST

	USD Impact (Decrease)/Increase		ZAR Impact (Decrease)/Increase	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
Change by 75%				
Statement of comprehensive income	(95 924 762)	(5 716 845)	(3 566 949)	(1 556 723)
Effect on equity	(72 212 161)	(4 303 641)	(2 685 199)	(1 171 901)

28.9 Other price risks

The Group does not have exposure to equity price risk as it does not hold shares in any listed securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade in these investments.

28.10 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. This is managed by a separate marketing arm of the Sugar Industry - Zimbabwe Sugar Sales which largely sells to long established customers.

28.11 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which approves the Group's short, medium and long term funding and liquidity management requirements as recommended by management from time to time. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Notes to the Consolidated and Separate Financial Statements

28. Financial instruments (continued)

28.11.1 Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

INFLATION ADJUSTED

	Weighted average interest rate %	Less than 1 month ZWL'000	1 - 3 months ZWL'000	3 months to 1 year ZWL'000	1 - 5 years ZWL'000	Total ZWL'000
31.03.24						
Trade and other payables		712 298 634	-		-	712 298 634
Fixed rate loans						
Stanbic –USD	9.1%	-	-	274 725 210	-	274 725 210
		712 298 634	-	274 725 210	-	987 023 844

INFLATION ADJUSTED

	Weighted average interest rate %	Less than 1 month ZWL'000	1 - 3 months ZWL'000	3 months to 1 year ZWL'000	1 - 5 years ZWL'000	Total ZWL'000
31.03.23						
Trade and other payables		978 602 647	-		-	978 602 647
Fixed rate loans						
Stanbic –USD	7.5%	-	-	284 996 380	-	284 996 380
		978 602 647	-	284 996 380	-	1 263 599 027

Notes to the Consolidated and Separate Financial Statements

28. Financial instruments (continued)

28.11 Liquidity currency risk management (continued)

28.11.1 Liquidity and interest risk tables (continued)

HISTORICAL COST

	Weighted average interest rate %	Less than 1 month ZWL'000	1 - 3 months ZWL'000	3 months to 1 year ZWL'000	1 - 5 years ZWL'000	Total ZWL'000
31.03.24						
Trade and other payables		712 298 635	-		-	712 298 635
Fixed rate loans						
Stanbic –USD	9.1%	-	-	274 725 210	-	274 725 210
		712 298 635	-	274 725 210	-	987 023 845

HISTORICAL COST

	Weighted average interest rate %	Less than 1 month ZWL'000	1 - 3 months ZWL'000	3 months to 1 year ZWL'000	1 - 5 years ZWL'000	Total ZWL'000
31.03.23						
Trade and other payables		31 805 396	-	-	-	31 805 396
Fixed rate loans						
Stanbic –USD	7.5%	-	-	9 262 618	-	9 262 618
		31 805 396	-	9 262 618	-	41 068 014

Notes to the Consolidated and Separate Financial Statements

28. Financial instruments (continued)

28.11.2 Financial facilities

Unsecured loan facilities with various maturity dates through to 31 March 2024 and which may be extended by mutual agreement.

	INFLATION ADJUSTED		HISTORICAL COST	
	31.03.24 ZWL'000	31.03.23 ZWL'000	31.03.24 ZWL'000	31.03.23 ZWL'000
CBZ Bank				
-amount used				
-amount unused	46 864 672	46 864 672	46 864 672	1 523 141
	46 864 672	46 864 672	46 864 672	1 523 141
Stanbic Bank				
-amount used	274 725 210	284 996 380	274 725 210	9 262 618
-amount unused	56 106 897	144 159 673	56 106 897	4 685 309
	330 832 107	429 156 053	330 832 107	13 947 927
Total facilities available				
Analysed as follows:	377 696 779	476 020 725	377 696 779	15 471 067
-total amount used	274 725 210	284 996 380	274 725 210	9 262 618
-total amount unused	102 971 569	191 024 345	102 971 569	6 208 449

29. Subsequent events

After year-end the Government of Zimbabwe through the monetary policy announced measures to address currency, exchange rate and price stability with one of the key measures relating to the introduction the Zimbabwe Gold (ZWG) currency (a new structured currency) which replaced the ZWL at the rate of ZWL1: ZWG2 498.72 , effective 05 April 2024. The Reserve Bank of Zimbabwe adjusted the Bank policy rate from 130% per annum to 20% per annum consistent with the new monetary policy framework and the Company will continue to monitor their borrowings so as to manage interest rate exposure. The rest of the measures are expected to arrest exchange rate volatility through a refined interbank foreign exchange market under a willing-buyer-willing-seller (WBWS) trading arrangement and consequently reduce inflation. In light of the above the business continues to assess these changes and it does not expect a significant impact to its operations.

Definition of Terms

Capital employed

Total capital and reserves plus long-term borrowings.

Current ratio

Current assets divided by current liabilities.

Gearing ratio

Interest bearing debt less cash and bank balances divided by total share capital and reserves.

Earnings per share

Profit for the year divided by the weighted average number of shares in issue at year-end.

Interest cover

Operating profit divided by interest payable.

Market capitalisation

Number of shares in issue at year-end multiplied by the closing price per share.

Net asset value

Total assets minus total liabilities excluding deferred taxation.

Net asset value per share

Net asset value divided by the number of shares in issue at year-end.

Net worth per share

Total capital and reserves divided by the number of shares in issue at year-end.

Operating profit

Profit before interest, dividends received, taxation and share of associate companies' profits.

Return on total capital and reserves

Profit for the year expressed as a percentage of total share capital and reserves.

Shareholders' funds

Issued share capital, share premium, capital reserve, revenue reserves and proposed dividend.

Total liabilities

Long-term borrowings and current liabilities excluding deferred taxation.

Analysis of Shareholders

As at 31 March 2024

	SHAREHOLDERS		SHARES	
	Number	%	Number	%
Shareholders registered with Zimbabwean addresses	1470	84.58	167 502 522	86.78
Shareholders registered with foreign addresses	268	15.42	25 518 042	13.22
	1 738	100.00	193 020 564	100.00
Shares held by:				
Individuals	1213	69.79	11 269 100	5.84
Pension funds and insurance companies	298	17.15	50 164 484	25.99
Other corporate bodies	227	13.06	131 586 980	68.17
	1 738	100.00	193 020 564	100.00

Ten largest shareholders as at 31 March 2024		Number of shares	%
1	TRIANGLE SUGAR CORPORATION LIMITED	97 124 027	50.32
2	CAPE CANARY LIMITED	19 314 480	10.01
3	OLD MUTUAL LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED	18 517 704	9.59
4	STANBIC NOMINEES (PRIVATE) LIMITED	13 831 448	7.17
5	NATIONAL SOCIAL SECURITY AUTHORITY	12 002 759	6.22
6	MINING INDUSTRY PENSION FUND	2 769 755	1.43
7	STANDARD CHARTERED NOMINEES (PVT)LTD (SCB)	1 576 497	0.82
8	REDAN COUPON PRIVATE LIMITED	1 255 000	0.65
9	OLD MUTUAL ZIMBABWE LIMITED	965 167	0.50
10	DELTA BEVERAGES PENSION FUND	904 261	0.47
		168 261 098	87.18



Hippo Valley Estates Limited

INTEGRATED REPORT

2024

A Tongaat Hulett Company



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