Tongaat Hulett

INTERIM RESULTS
for the six months ended 30 September 2016

- Revenue of R8,503 billion (2015: R7,609 billion) +11,7%
- Operating profit of R1,350 billion (2015: R1,276 billion) +5,8%
- Headline earnings of R631 million (2015: R607 million) +4,0%
- Operating cash flow (after working capital) of R1,061 billion (2015: R266 million)
- Interim dividend of 100 cents per share (2015: 170 cents per share)

COMMENTARY

The results for the half-year ended 30 September 2016 show an improvement in sugar revenue and operating profit under difficult conditions. The starch operations delivered a strong performance. Sales concluded in land conversion and developments in these six months were lower than in recent periods. Operating cash flow, after working capital movements, has advanced substantially.

The starch and glucose operation again increased operating profit, to R306 million (2015: R281 million). The business benefitted from a better sales mix, including replacing imports into the coffee/creamer sector following the commissioning of the R135 million project at the Germiston starch facilities. Overall volumes remained flat as a result of muted domestic consumer demand. Higher maize costs during the period were partially offset by higher co-product revenues and ongoing cost control.

Land conversion and development activities recorded operating profit of R269 million (2015: R576 million). The major contributors were Sibaya (high-end residential and retirement – 7 developable hectares sold), the industrial area of Cornubia (6 hectares), high intensity mixed use areas of Umhlanga Ridgeside (1 hectare) and Umhlanga Ridge Town Centre (1 hectare), integrated affordable residential at Bridge City (2 hectares) and further high end residential at Izinga (1 hectare) and Kindlewood (1 hectare), totaling 19 developable hectares sold, compared to 65 hectares sold in the same period last year. Revenue, costs and profit recorded per developable hectare vary and are reflective of the degree of enhancement through urban planning, land use integration and density, location and the intensity of infrastructure investment and are in line with the value ranges communicated previously.

The various sugar operations generated operating profit of R825 million (2015: R477 million). This is reflective of improved local market prices, more effective import protection dynamics in the countries where Tongaat Hulett produces sugar and higher international prices, including for exports into regional African markets and the EU. Overall volumes are still being impacted by lower cane yields due to the severe drought in KwaZulu-Natal and poor growing conditions with low rainfall and restricted irrigation levels in Mozambique and Zimbabwe as a result of low dam levels. The nature of sugar milling and cane growing is such that there is a high proportion of fixed costs. The drive to reduce costs continues across all operations. Sugar production started later in the current season than last year and is expected to reflect higher production levels in the second half of the year compared to the second half of last year.

The South African sugar operations, including agriculture, milling, refining and various downstream activities produced operating profit of R306 million (2015: R123 million). Sugar production is starting to recover and Tongaat Hulett has increased its share of the total industry production (some 23% this year compared to 19,5% last year) and local market sales. The local market has seen more effective import protection and better pricing dynamics. Voermol animal feeds has contributed well with higher sales volumes (the previous period had a shortage of raw materials) and increased margins.

The Mozambique sugar operating profit improved to R219 million (2015: R94 million). Domestic market sales for the whole industry increased by 27% as a result of better protection against imports and improved sugar availability in more remote areas. Local market price increases and higher export prices have positively impacted revenue and cane valuations. The Metical weakened substantially against the Rand and the US dollar, benefitting the operations with sizeable Metical based costs and revenue that is linked to the US dollar. A later start to the season and thus lower sugar production in the first half of the year, given the high proportion of fixed costs, had a negative impact, which was partially offset by the higher value of standing cane still to be harvested.

The Zimbabwe sugar operating profit was R251 million (2015: R232 million). Production and sales volumes in the first half of the year were relatively consistent with the prior year, notwithstanding a later start to the current season and a higher proportion of production expected in the second half of the current year. The first half of the current year has also seen a higher level of outgrower cane payments compared to the first half of last year. In addition, the division of proceeds in favour of the growers is out of line with the region, not taking cognizance of the full capital employed in the milling operations and is not sustainable.

Tongaat Hulett's net debt at 30 September was R5,5 billion, compared to R5,3 billion last year. Finance costs of R408 million (2015: R314 million) were commensurate with the borrowing levels in the period and the higher interest rates.

Operating cash flow (after working capital movements) was R1,061 billion which is a R795 million improvement on the first half of last year. The half year reflects an absorption of cash in working capital, as is the norm, due to higher sugar stock and debtor levels in the middle of the sugar season. The Developments operation generated a stronger operating cash flow, including significant proceeds being received and development expenditure related payments being made, with substantial receipts expected in the second half of the year, following the previous periods when a number of large transactions were concluded having lead times before transfer. Capital expenditure is below last year and the sugar cane root planting costs have been curtailed substantially in the drought conditions. Overall, the current half year has seen a total net cash outflow of R277 million, compared to a total net cash outflow of R1,349 billion in the same period last year.

Taking all of the aforementioned into account, headline earnings for the half year amounted to R631 million (2015: R607 million). The intention going forward is to place more emphasis on the final dividend as distinct from the interim dividend given the agricultural nature of Tongaat Hulett's activities. Against this background, an interim dividend of 100 cents per share has been declared (2015: 170 cents per share).

LOOKING AHEAD

Tongaat Hulett will continue to enhance its strategic positioning, focusing on multiple strategic thrusts, all with a positive impact on earnings and cash flow, through the various cycles that the business experiences, to extract higher returns from the existing asset base.

Multiple Strong Sugar Market Positions with a Domestic Market Focus
Prices for sugar in the international market have increased by some 50% over the past six months with the upcoming second year of a global supply deficit and continuing steady increases in global demand levels. Prices have now begun to stabilise and forecasts for the next 18 months are for prices to remain at current levels. In the medium term, there are emerging concerns of the ability of global supply to match global demand at prevailing price levels. Global sugar consumption is predicted to continue to grow at a rate of some 1,5% per annum, with most of this growth coming from low per capita consumption developing countries.

The domestic markets in countries where Tongaat Hulett produces sugar remain its primary focus. They have significant protection from imports, with Government support, given the high rural job impact of these industries. In Zimbabwe and Mozambique, sugar refining matters are being addressed, which should lead to the replacement of imported industrial white sugar. Growth is expected in consumption per capita, off a low base, particularly in Mozambique and partly in Zimbabwe, supported by distribution, industrialisation and marketing initiatives. In South Africa, with its current low sugar production level, Tongaat Hulett is having to source other producers' raw sugar for refining, to supply its local market white sugar position and plans to replace this with its own production in future. Tongaat Hulett has the leading sugar brands in South Africa, Zimbabwe, Botswana and Namibia. The proposed sugar sweetened beverage tax in South Africa and its socio impact is being assessed and debated. Depending on the eventual outcome, it could reduce local demand and the impact would inter alia depend on the level of the prevailing world sugar price.

Tongaat Hulett has key market positions and experience in both the region (southern and eastern Africa) and the EU for the sale of its additional sugar. It is developing and expanding its positions in regional deficit markets as well as broadening its footprint in key value-add markets in the EU where it enjoys preferential access.

Growing Sugar Production from the Current Low Point
Recent weather and growing conditions are masking the substantial progress that is being made with intensive agricultural improvement programs, increased hectares under cane, irrigation efficiency and power reliability. The estimated impact is some 500 000 tons of annual sugar production. The imminent completion in Zimbabwe of the Tokwe-Mukorsi dam and, in Mozambique (Xinavane), the raising of the Corumana dam wall and the construction of the new Moamba dam on the Incomati river will diversify the water catchment area and provide increased stability in future water supply

Reducing the Cost of Sugar Production
The sustained decrease in costs achieved over the previous three years (equivalent to some R1,4 billion in real terms) provides a good base for the next steps in the concerted cost reduction process in the sugar operations, particularly focused on bought-in goods, services, transport, marketing, salaries and wages. There is scope for considerable further reduction, with man-hour reductions focusing on flexible components and natural attrition. The paradigms around costs that have traditionally been viewed as fixed are being challenged, to mitigate against future potential volume volatility. Unit costs of sugar production will reduce further as these cost reduction processes continue, benefitting from future volume increases.

Growing Starch and Glucose
The starch and glucose operation is well positioned strategically and is focused on growing its sales volume, with an enhanced product mix, by reducing imports and on the back of customer growth. This includes the replacement of imports in the coffee/creamer sector and a number of similar actions underway in other sectors. Working together with customers, further opportunities are being targeted for growth through customer exports. Market development work to increase the production of value added modified starches, inter alia for the prepared foods sector, is underway following the capital expenditure completed last year at the Meyerton plant. This is all underpinned by improving the use of the available capacity and the efficiency of operations.

Value Creation from Land Conversion and Development
Tongaat Hulett is focused on its portfolio of prime land, comprising some 7 951 developable hectares, to create stakeholder value through its conversion over time to the highest value and best land use beyond its current use. At the same time Tongaat Hulett is driving ongoing rural agricultural development in the cane catchment area of its sugar mills in KwaZulu-Natal. Over the past four years more than 20 000 hectares of new cane land, mainly in communal areas, have been developed.

The value being created through the land conversion and development activities continues to increase, with good progress in the important value drivers. This includes sound relationships with key stakeholders; growing demand in selected usage areas; increasing the supply of land through planning processes and unlocking infrastructure; selected bigger transactions that are de-linked from short term market dynamics and growing the range of transacting mechanisms to increase value created, with particular emphasis on transformation opportunities. The recent achievements that led to over 3 000 developable hectares being released from agriculture through Act 70 of 1970 approvals are being consolidated through ongoing planning. Currently some 3 399 developable hectares are in various stages of EIA processes, with new impetus gained through a joint process having been finalised with the eThekwini Municipality defining how to enhance the resilience of the city through the appropriate use of this land.

A detailed and enhanced update on the land conversion portfolio is available on the www.tongaat.com website. It gives details of all these activities, provides insights relating to each portion of land making up the portfolio and includes an update of the possible 5-year sales outcomes, indicating a range of hectares for each demand driver and the expected range of profit per hectare across the various demand drivers.

Near Term Outlook

Tongaat Hulett should continue to benefit substantially from improved local sugar market revenues (volumes and prices) with the improved import protection measures and better export revenues. Actions to reduce costs continue.

Total sugar production in 2016/17 is continuing to be impacted by the effects of the drought in KwaZulu-Natal and irrigation having been reduced as a mitigation measure against poor rainfall and low dam levels in Zimbabwe, Mozambique and Swaziland. The estimate for sugar production in total for 2016/17 is between 1 000 000 and 1 100 000 tons, compared to 1 023 000 tons last year.

The weather forecast for the coming summer in the key growing and catchment areas is for average to above average rainfall. The recent encouraging rainfall in the coastal areas of KwaZulu-Natal is positive for the 2017/18 crop. The 2017/18 crop in Zimbabwe and Mozambique will be impacted to some extent by the current reduced irrigation. Given ongoing average to above average rainfall and a recovery of key dam levels, total sugar production is expected to recover over 2 years, to between some 1 200 000 and 1 300 000 tons in 2017/18 and to between some 1 500 000 and 1 600 000 tons in 2018/19. Tongaat Hulett's marginal cost of additional sugar production is typically US$110 per ton from own cane (45%) and US$340 per ton from third party cane (55%). Realisations, ex-mill, based on current regional and EU market dynamics are above US$420 per ton. Should the drought continue over the next summer in the catchment areas of the key dams in Zimbabwe and Mozambique then it could lead to a reduction in sugar production in 2017/18, compared to 2016/17, of some 150 000 tons and 50 000 tons respectively.

Starch and glucose volume growth for the remainder of the year is expected to remain subdued with lower consumer spending. Further replacement of imported volumes is expected, particularly in the last quarter of the year. The drought conditions have resulted in South Africa having to import maize for the current maize season with maize prices trading at import parity levels and expected to remain at these levels for the remainder of the year. Lower co-product prices in the second half of the year are expected to result in margins that are below those achieved in the first half. Looking to the next maize season, improved planting intentions and the outlook for better rainfall should see maize prices moving towards export parity levels.

Negotiations have commenced on some 227 developable hectares, reflecting an increase in the number of substantial transaction opportunities, in various demand categories, following encouraging advancements in the land conversion and development activities, boding well for near term future sales. There is strong interest in the remaining 38 prime hectares at Ridgeside. The opening up of the Sibaya node has created new interest and opportunities. Construction works related to the early sales have now commenced and the relevance of this as a completely new development node is becoming increasingly obvious to new purchasers. Substantial interest is being experienced at Ntshongweni, west of Durban and, as infrastructure solutions are developed for further land in this area, this is likely to convert into a growing momentum in this new node. The new infrastructure currently going into the uMhlanga Ridge Town Centre western expansion into Cornubia New Town is likely to open up further short term sales potential in this area. Various interfaces with the public sector continue to be constructive and productive.

Overall, Tongaat Hulett's profit for the full 2016/17 year will continue to be influenced by a number of substantial and varying dynamics, both positive and negative, and the full impact is difficult to predict at this stage. The proportion of earnings in the second half of the current year is likely to be significantly higher than that of last year. Cash flow is expected to advance substantially, including a release of the working capital absorbed in the 2015/16 year.

Tongaat Hulett strives to be a proactive and resilient organisation working in collaboration with all its stakeholders through different business and agricultural cycles in a constructive, mutual value-adding and developmental manner. It has operations in six countries in SADC, significant sugar cane and maize processing facilities, a unique land conversion platform, a sizeable animal feeds thrust and possibilities to grow ethanol and electricity generation.

For and on behalf of the Board

Bahle Sibisi	**Peter Staude**
Chairman	Chief Executive Officer
Amanzimnyama, Tongaat, KwaZulu-Natal	10 November 2016

DIVIDEND DECLARATION

Notice is hereby given that the Board has declared an interim gross cash dividend (number 178) of 100 cents per share for the half-year ended 30 September 2016 to shareholders recorded in the register at the close of business on Friday 27 January 2017.

The salient dates of the declaration and payment of this interim dividend are as follows:

Last date to trade ordinary shares "CUM" dividend	Tuesday	24 January 2017
Ordinary shares trade "EX" dividend	Wednesday	25 January 2017
Record date	Friday	27 January 2017
Payment date	Thursday	2 February 2017

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Wednesday 25 January 2017 and Friday 27 January 2017, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Friday 20 January 2017.

The dividend has been declared from income reserves. A net dividend of 85 cents per share will apply to shareholders liable for the local 15% dividend withholding tax and 100 cents per share to shareholders exempt from paying the dividend tax.

The issued ordinary share capital as at 10 November 2016 is 135 112 506 shares. The company's income tax reference number is 9306/101/20/6.

For and on behalf of the Board

M A C Mahlari
Company Secretary

Amanzimnyama, Tongaat, KwaZulu-Natal 10 November 2016

CORPORATE INFORMATION

Tongaat Hulett Limited
Registration No: 1892/000610/06 JSE share code: TON ISIN: ZAE000096541
Directorate: C B Sibisi (Chairman), P H Staude (Chief Executive Officer)*, S M Beesley, F Jakoet, J John, R P Kupara^, T N Mgoduso, N Mjoli-Mncube, M H Munro*, S G Pretorius, T A Salomão +
* Executive directors + Mozambican ^ Zimbabwean
Registered office: Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal
P O Box 3, Tongaat 4400 Telephone: +27 32 439 4019 Facsimile: +27 31 570 1055
Transfer secretaries: Computershare Investor Services (Pty) Limited
Telephone: +27 11 370 7700
Sponsor: Investec Bank Limited Telephone: +27 11 286 7000

INCOME STATEMENT

Condensed consolidated Rmillion	Unaudited 6 months to 30 Sept 2016	Unaudited 6 months to 30 Sept 2015 (restated-note 10)	Audited 12 months to 31 March 2016 (restated-note 10)
Revenue	**8 503**	7 609	16 676
Operating profit	**1 350**	1 276	1 669
Net financing costs (note 1)	**(408)**	(314)	(680)
Profit before tax	**942**	962	989
Tax (note 2)	**(255)**	(288)	(326)
Net profit for the period	**687**	674	663
Profit attributable to:			
Shareholders of Tongaat Hulett	**639**	635	716
Minority (non-controlling) interest	**48**	39	(53)
	687	674	663
Earnings per share (cents)			
Basic	**553,7**	551,8	620,1
Diluted	**553,7**	551,8	620,1
Headline earnings attributable to Tongaat Hulett shareholders (note 3)	**631**	607	679
Headline earnings per share (cents)			
Basic	**546,7**	527,4	588,0
Diluted	**546,7**	527,4	588,0
Dividend per share (cents)	**100,0**	170,0	230,0
Currency conversion			
Rand/US dollar closing	**13,96**	13,85	14,84
Rand/US dollar average	**14,60**	12,57	13,81
Rand/Metical average	**0,25**	0,35	0,35
Rand/Euro average	**16,29**	13,95	15,20
US dollar/Euro average	**1,12**	1,11	1,10

SEGMENTAL ANALYSIS

REVENUE			
Sugar			
Zimbabwe	**2 371**	1 863	3 549
Swaziland	**124**	148	205
Mozambique	**1 325**	1 394	1 664
South Africa	**2 197**	1 603	5 964
Sugar operations - total	**6 017**	5 008	11 382
Starch operations	**2 114**	1 750	3 640
Land Conversion and Developments	**372**	851	1 654
Consolidated total	**8 503**	7 609	16 676
OPERATING PROFIT			
Sugar			
Zimbabwe	**251**	232	9
Swaziland	**49**	28	36
Mozambique	**219**	94	25
South Africa	**306**	123	(85)
Sugar operations - total	**825**	477	(15)
Starch operations	**306**	281	658
Land Conversion and Developments	**269**	576	1 115
Centrally accounted and consolidation items	**(42)**	(49)	(70)
BEE IFRS 2 charge and transaction costs	**(8)**	(9)	(19)
Consolidated total	**1 350**	1 276	1 669

FURTHER ANALYSIS OF SUGAR OPERATING PROFIT

Sugar operations - before cane valuations	**1 184**	1 052	(156)
Zimbabwe	**557**	603	138
Swaziland	**47**	58	26
Mozambique	**288**	322	(94)
South Africa	**292**	69	(226)
Cane valuations - income statement effect	**(359)**	(575)	141
Zimbabwe	**(306)**	(371)	(129)
Swaziland	**2**	(30)	10
Mozambique	**(69)**	(228)	119
South Africa	**14**	54	141
Sugar operations - after cane valuations	**825**	477	(15)
Zimbabwe	**251**	232	9
Swaziland	**49**	28	36
Mozambique	**219**	94	25
South Africa	**306**	123	(85)

STATEMENT OF OTHER COMPREHENSIVE INCOME

Net profit for the period	**687**	674	663
Other comprehensive income	**(3 654)**	1 010	1 384
Items that will not be reclassified to profit or loss:			
Foreign currency translation	**(3 648)**	1 012	1 395
Actuarial loss			(24)
Tax on actuarial loss			6
Items that may be reclassified subsequently to profit or loss:			
Hedge reserve	**(8)**	(3)	10
Tax on movement in hedge reserve	**2**	1	(3)
Total comprehensive income for the period	**(2 967)**	1 684	2 047
Total comprehensive income attributable to:			
Shareholders of Tongaat Hulett	**(2 787)**	1 426	1 763
Minority (non-controlling) interest	**(180)**	258	284
	(2 967)	1 684	2 047

STATEMENT OF FINANCIAL POSITION

Condensed consolidated Rmillion	Unaudited 30 Sept 2016	Unaudited 30 Sept 2015 (restated-note 10)	Audited 31 March 2016 (restated-note 10)
ASSETS			
Non-current assets			
Property, plant and equipment	**13 478**	15 845	16 415
Long-term receivable	**592**	541	564
Goodwill	**393**	416	438
Intangible assets	**290**	59	212
Investments	**25**	28	26
	14 778	16 889	17 655
Current assets	**14 590**	13 890	13 037
Inventories	**4 889**	4 721	2 866
Growing crops (note 4)	**2 083**	2 108	2 914
Trade and other receivables	**5 059**	5 094	5 380
Cash and cash equivalents	**2 559**	1 967	1 877
TOTAL ASSETS	**29 368**	30 779	30 692
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**135**	135	135
Share premium	**1 544**	1 544	1 544
BEE held consolidation shares	**(640)**	(642)	(625)
Retained income	**8 779**	8 331	8 191
Other reserves	**587**	3 731	4 028
Shareholders' interest	**10 405**	13 099	13 273
Minority (non-controlling) interest	**1 968**	2 141	2 152
Equity	**12 373**	15 240	15 425
Non-current liabilities	**7 973**	7 865	8 086
Deferred tax	**2 606**	2 668	2 864
Long-term borrowings	**4 547**	3 795	3 791
Non-recourse equity-settled BEE borrowings		622	605
Provisions	**820**	780	826
Current liabilities	**9 022**	7 674	7 181
Trade and other payables (note 5)	**4 605**	3 969	3 897
Short-term borrowings	**3 542**	3 446	3 187
Non-recourse equity-settled BEE borrowings	**620**		
Tax	**255**	259	97
TOTAL EQUITY AND LIABILITIES	**29 368**	30 779	30 692
Number of shares (000)			
– in issue	**135 113**	135 113	135 113
– weighted average (basic)	**115 414**	115 083	115 471
– weighted average (diluted)	**115 414**	115 083	115 471

STATEMENT OF CHANGES IN EQUITY

Balance at beginning of period	**13 273**	11 889	11 889
Total comprehensive income for the period	**(2 787)**	1 426	1 763
Retained income	**639**	635	698
Movement in hedge reserve	**(6)**	(2)	7
Foreign currency translation	**(3 420)**	793	1 058
Dividends paid	**(66)**	(231)	(417)
BEE share-based payment charge	**7**	8	17
Share-based payment charge	**25**	40	60
Settlement of share-based payment awards	**(47)**	(33)	(39)
Shareholders' interest	**10 405**	13 099	13 273
Minority (non-controlling) interest	**1 968**	2 141	2 152
Balance at beginning of period	**2 152**	1 887	1 887
Total comprehensive income for the period	**(180)**	258	284
Retained income	**48**	39	(53)
Foreign currency translation	**(228)**	219	337
Dividends paid to minorities	**(4)**	(4)	(19)
Equity	**12 373**	15 240	15 425

STATEMENT OF CASH FLOWS

Operating profit	**1 350**	1 276	1 669
Surplus on disposal of property, plant and equipment	**(11)**	(34)	(84)
Depreciation	**589**	757	1 231
Growing crops and other non-cash items	**389**	656	36
Operating cash flow	**2 317**	2 655	2 852
Change in working capital	**(1 256)**	(2 389)	(989)
Cash flow from operations	**1 061**	266	1 863
Tax payments	**(190)**	(109)	(221)
Net financing costs	**(408)**	(314)	(680)
Cash flow from operating activities	**463**	(157)	962
Expenditure on property, plant and equipment:			
New	**(95)**	(240)	(488)
Replacement	**(228)**	(296)	(668)
Major plant overhaul cost changes	**(139)**	(57)	34
Root planting costs	**(133)**	(381)	(668)
Intangible assets	**(82)**	(28)	(123)
Other capital items	**7**	45	109
Net cash flow before dividends and financing activities	**(207)**	(1 114)	(842)
Dividends paid	**(70)**	(235)	(436)
Net cash flow before financing activities	**(277)**	(1 349)	(1 278)
Borrowings raised	**1 267**	1 550	1 273
Non-recourse equity-settled BEE borrowings	**15**	(32)	(49)
Settlement of share-based payment awards	**(47)**	(33)	(39)
Net increase/(decrease) in cash and cash equivalents	**958**	136	(93)
Balance at beginning of period	**1 877**	1 668	1 668
Foreign currency translation	**(276)**	163	302
Cash and cash equivalents at end of period	**2 559**	1 967	1 877

NOTES

1. Net financing costs			
Interest paid	**(472)**	(350)	(778)
Interest capitalised	**16**	3	28
Interest received	**48**	33	70
	(408)	(314)	(680)
2. Tax			
Normal	**(355)**	(316)	(277)
Deferred	**100**	28	(49)
	(255)	(288)	(326)
3. Headline earnings			
Profit attributable to shareholders	**639**	635	716
Adjusted for:			
Capital profit on disposal of land and buildings	**(8)**	(26)	(42)
Loss on other capital items			4
Surplus on disposal of property, plant and equipment	**(3)**	(4)	
Minority (non-controlling) interest	**1**		(1)
Tax on the above items	**2**	2	2
	631	607	679

4. Growing crops
Growing crops, comprising standing cane, is measured at fair value which is determined using an estimate of cane yields and prices which are unobservable inputs and, in accordance with IFRS, categorised as level 3 under the fair value hierarchy. Changes in fair value are recognised in profit or loss. A change in yield of one ton per hectare on the estimated yield of 73 tons cane per hectare (30 September 2015: 83 tons per hectare and 31 March 2016: 73 tons per hectare) would result in a R31 million (30 September 2015: R25 million and 31 March 2016: R37 million) change in fair value while a change of one percent in the cane price would result in a R23 million (30 September 2015: R26 million and 31 March 2016: R33 million) change in fair value.

5. Trade and other payables
Included in trade and other payables is the maize obligation (interest bearing) of R712 million (30 September 2015: R573 million and 31 March 2016: R376 million).

6. Capital expenditure commitments			
Contracted	**94**	261	196
Approved	**152**	338	213
	246	599	409
7. Operating lease commitments	**70**	94	75
8. Guarantees and contingent liabilities	**129**	68	101

9. Basis of preparation and accounting policies
The condensed consolidated unaudited results for the half-year ended 30 September 2016 have been prepared in accordance with and containing the information required by IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The additional disclosure required in terms of paragraph 16A(j) of IAS 34 is available on the website, at the registered office or on request. Except as described below, the report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements for the year ended 31 March 2016 and were prepared under the supervision of the Chief Financial Officer, M H Munro CA (SA). Any reference to future financial performance that may be included in this announcement has not been reviewed and reported on by the company's auditor.

10. Adoption of new or revised accounting standards
Tongaat Hulett has adopted all the new or revised accounting pronouncements as issued by the IASB which were effective for Tongaat Hulett from 1 January 2016. The adoption of these standards had no recognition and measurement impact on the financial results, other than for the compulsory adoption of the revised IAS 16 and IAS 41 which has resulted in cane roots being reclassified from growing crops to property, plant and equipment in the statement of financial position, root planting costs being capitalised to the cost of the roots and thereafter the roots depreciated over their estimated useful lives. Standing cane is now disclosed as a current asset.

Comparative figures have been restated. The restated consolidated financial statements for the year ended 31 March 2016 have been prepared and audited in accordance with the recognition and measurement criteria of IFRS. The effect of the adoption of the revised IAS 16 and IAS 41 on profit or loss for the 6 months ended 30 September 2015 (with the full year ended 31 March 2016 in brackets) was a decrease in operating profit of R85 million (2016: R139 million), deferred tax relief of R17 million (2016: R32 million) and a decrease in net profit for the period of R68 million (2016: R107 million). The effect on earnings per share and headline earnings per share (basic and diluted) was a decrease of 57,4 cents per share (2016: 90,1 cents per share). There was no impact on other comprehensive income (2016: decrease in foreign currency translation of R2 million). The effect on the statement of financial position at 30 September 2015 was the reclassification of cane roots of R3 060 million (2016: R3 234 million) from growing crops to property, plant and equipment, a decrease of R85 million (2016: R137 million) in the carrying value of cane roots, and decreases in equity and deferred tax of R68 million (2016: R105 million) and R17 million (2016: R32 million) respectively.

11. Subsequent events
There were no material events between 30 September 2016 and the date of this report.