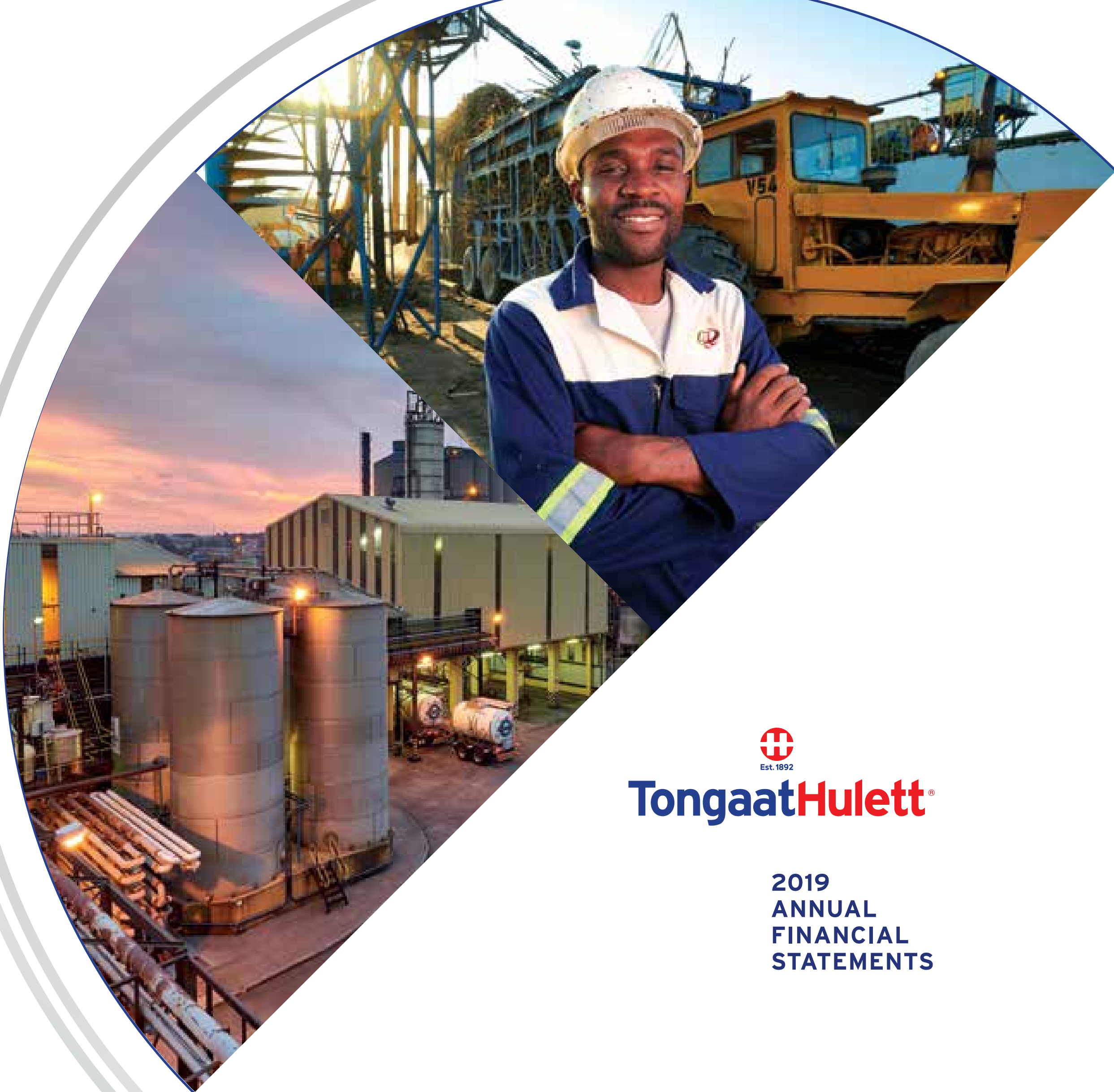

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TongaatHulett

2019 ANNUAL FINANCIAL STATEMENTS

ABOUT THIS REPORT

The 2019 annual report covers relevant financial and non-financial aspects of the operations of the company. We are currently undergoing a turnaround process which will impact the company's structure going forward; as much detail on this has been included in the report as possible.

The principles embodied in the King IV Report on Corporate Governance for South Africa 2016™ (King IV™), the International Integrated Reporting Council's (IIRC) Integrated Reporting (<IR>) Framework and the Global Reporting Initiative's (GRI) Standards contributed to the compilation of this report.

ASSURANCE AND APPROVAL

The Audit and Compliance and the Risk, Capital and Investment Committees consider all material matters facing the company to ensure that these are adequately managed and that internal assurance activities are integrated and coordinated efficiently and proficiently.

The following service providers provided external assurance of various elements of the annual report:

- Annual financial statements – Deloitte & Touche
- Review of internal controls and risk review – KPMG
- Sustainability – Environmental Resources Management (ERM)
- B-BBEE contributor level – 1st Verification Networx
- Carbon emissions disclosure – Terra Firma Solutions
- Operational certifications – include NOSA, OHSAS 18001, ISO 14001, ISO 9001, FSSC 22000 and ISO 22000

The report was approved by the Board for release to shareholders on 9 December 2019.

Readers should note that through a series of events that have largely fallen outside of our control, the publication of this annual report has regrettably been delayed by several months.

In the interest of providing our stakeholders with the most current view of the status of the company and its subsidiaries, we have provided, wherever possible, information that is up to date as at the date of this report. All financial information, by necessity, relates to the 12 months to 31 March 2019 and has not been updated.

SUITE OF REPORTS

The annual report forms part of, and should be read in conjunction with a suite of reports available online on our website at www.tongaat.com. Other reports available are:

- 2019 Annual Financial Statements (http://www.tongaat.com/2019AFS)
- 2019 Sustainability Report (www.tongaat.com/2019sustainability)

REQUEST FOR FEEDBACK

We would like to hear from all stakeholders on their views of the 2019 annual reporting suite, including the accessibility of the information provided and opportunities to expand and improve future reporting.

Please contact:
Corporate Communications, Tongaat Hulett,
PO Box 3, Tongaat, 4400, South Africa
email: info@tongaat.com
telephone: +27 32 439 4365

CONTENTS

FURTHER DETAILS

Online information available

Further information in this report

DIRECTORS' REPORT

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The Board of directors (the Board) is responsible for the preparation and integrity and fair presentation of the annual financial statements of the Company and Group that have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

In preparing the financial statements, the Company and Group have used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and have complied with all applicable accounting standards. The Board is of the opinion that the financial statements fairly present the financial position of the Company and Group at 31 March 2019 and the results of its operations for the year then ended. The Board is satisfied that the Company and Group will continue as a going concern in the year ahead. Please see the Basis of Preparation of in these financial statements.

The Board believes in this regard that the Group's assets are protected and used as intended in all material respects with appropriate authorisation. The material breakdown in the functioning of the controls, procedures and systems is a top priority of the Board.

The consolidated and separate annual financial statements were approved by the Board on 9 December 2019.

The directors hereby submit the annual financial statements for the year ended 31 March 2019.

NATURE OF BUSINESS

Tongaat Hulett is an agri-processing business that includes the integrated components of agriculture, land management and property development. These activities are dealt with in detail on the website www.tongaat.com.

STATE OF AFFAIRS OF THE BUSINESS

During the year under review, the Company and Group went through significant financial and governance turbulence. This is discussed in detail in the going concern note of these annual financial statements. Some of the key events to be highlighted in this report are:

- The announcement to the market on 10 June 2019 that there would be a restatement to reduce equity in order to correct errors in prior years;
- On 10 June 2019 the company applied to the JSE to voluntarily suspend its listing until such time as the updated and correct results could be issued to the market;
- Similarly to the company's listing on the JSE being suspended, the company's listing on the LSE was suspended on 10 June 2019 and ultimately delisted in September 2019; and
- A change in executive management, with an instruction to the new CEO to implement a comprehensive turnaround plan, which includes severe cost cutting, cash preservation and business and debt restructuring.

The net loss attributable to shareholders for the year ended 31 March 2019 amounted to R1 063 million (2018 restated: R1 159 million). This translates into a headline loss per share of 823 cents (2018 restated: 861 cents) based on the weighted average number of shares in issue during the year.

DIRECTORATE

Significant changes were made to the Board during the period under review and leading up to the date of this report. Louis von Zeuner was appointed as an independent non-executive director with effect from 10 December 2018. Gavin Hudson was appointed as CEO in February 2019. Rob Aitken was appointed as CFO in March 2019. They replaced CEO Peter Staude who retired on 31 October 2018 and Murray Munro who stepped down as CFO with effect from 7 August 2018. Jenitha John and Nhlanhla Mjoli-Mncube also resigned from the Board on 31 May 2019 and 30 June 2019 respectively.

Bahle Sibisi (Chairman), Rachel Kupara, Thandeka Mgoduso, Sybrand Pretorius and Tomaz Salomão stepped down as directors with effect from 30 September 2019.

Four new independent non-executive directors were appointed to the Board, namely Robin Goetzsche, Jean Nel, Andile Sangqu and Linda de Beer with effect from 1 October 2019. The composition of the Board at the date of this report is as follows: Louis von Zeuner (Chairman), Gavin Hudson (CEO), Rob Aitken (CFO), Stephen Beesley, Fatima Daniels, Linda de Beer, Jean Nel, Robin Goetzsche, Andile Sangqu and Dan Marokane.

The director retiring by rotation at the annual general meeting in accordance with article 61 of the articles of association is Stephen Beesley. Louis von Zeuner, Gavin Hudson, Rob Aitken, Jean Nel, Robin Goetzsche, Andile Sangqu, Linda de Beer and Dan Marokane were appointed during the course of the year and are required to retire and be re-elected at the annual general meeting in accordance with article 59 of the articles of association. All these directors are eligible and offer themselves for re-election and election. Details of each of these directors are set out in the annual report.

Fatima Daniels will step down as a director of the company at the annual general meeting, having served as director since 2008.

DIRECTORS' SHAREHOLDINGS

Refer to note 30 in the annual financial statements.

GOING CONCERN

Based on the going concern assessment (refer to the Basis of Preparation of the annual financial statements), the Board is of the view that the Company and Group have adequate resources to continue in operation for the foreseeable future and accordingly, the annual financial statements have been prepared on a going concern basis. The Board is not aware of any new material changes that may adversely impact the Company and Group other than those disclosed in the going concern note to the financial statements.

INTERESTS IN SUBSIDIARIES

Refer to note 5 in the annual financial statements.

AUDITORS

The Audit and Compliance Committee has recommended that Deloitte be reappointed as the designated auditor of the Group and Company in terms of the resolution to be proposed at the annual general meeting in accordance with the Companies Act.

SECRETARY

The company secretary is Maditshaba Mahlari.

DIVIDENDS

The Board of Directors did not declare any interim or final dividend for the year ended 31 March 2019.

EVENTS AFTER THE REPORTING DATE

Refer to note 33 in the annual financial statements.

Louis Von Zeuner
Chairman

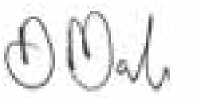
Gavin Hudson
Chief Executive Officer

Amanzimnyama Tongaat, KwaZulu-Natal

10 December 2019

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act of South Africa in respect of the year ended 31 March 2019 and that all such returns are true, correct and up to date.



Maditshaba Mahlari
Company Secretary

Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal

10 December 2019

AUDIT AND COMPLIANCE COMMITTEE REPORT

1. INTRODUCTION

The Tongaat Hulett Audit and Compliance Committee (the Committee) is a statutory Committee established in terms of the Companies Act. The Committee functions within formal terms of reference and complies with all relevant legislation, regulation and governance codes.

The role of the Committee is to assess the accuracy and reliability of the financial information used by the directors in discharging their duties.

The Committee is also responsible for ensuring that internal audit review, assess and report on the internal controls applied within the group of companies, assess the results of the internal and external audit reports, and make recommendations to the Board for improvements to such business controls.

This report is presented to shareholders in compliance with the Companies Act and the King IV Report on Corporate Governance.

The 2019 year was a particularly challenging year at Tongaat Hulett. While the focus of management was on restructuring and debt management, operations continued under difficult circumstances. Much of the attention of the Committee was focused on these issues. Various staff changes have also proved disruptive in maintaining systems of internal control and the effective continuing of operations. In this regard, external service providers were brought in to assist with systems of internal control, cash flow management and generally managing the finance function.

2. ATTENDANCE

The record of attendance of the members of this Committee is contained in the leadership and governance section of the Annual Report.

3. COMPOSITION

As at 31 March 2019, the Committee consisted of Jenitha John (Chairman), Stephen Beesley, Fatima Daniels and Rachel Kupara. Louis von Zeuner was appointed to the Committee on 30 April 2019. Jenitha John and Rachel Kupara subsequently resigned with effect from 31 May 2019 and 30 September 2019 respectively. Linda de Beer and Robin Goetzsche were appointed to the Committee on 1 October 2019.

As at the date of this report, the Committee consists of independent non-executive directors who are Fatima Daniels (Chairman), Linda de Beer and Robin Goetzsche.

The CEO, CFO and representatives from the external and internal auditors attend all Committee meetings by invitation. Closed sessions are held with internal and external auditors separately, from time to time, without management present.

4. ACTIVITIES DURING THE YEAR

The company released a cautionary announcement on 8 March 2019 where shareholders were advised that the ongoing strategic and financial review of the company had revealed certain practices which require further examination and which, if verified, might require remedial actions, including, in some instances, assessing the impact on previously reported financial information. Immediately following this, the Committee held regular meetings to discuss, among others, solvency and liquidity, regulatory matters including communication with the JSE, updates on the PwC forensic investigation, and accounting workstreams. The PwC investigation findings have been separately communicated. The Committee focused on ensuring that the necessary accounting policies, recognition and measurement corrections were made to address the PwC findings.

Furthermore, the Committee:

- Considered the solvency and liquidity position of the Company and Group on an ongoing basis;
- Monitored and reviewed the annual financial statements and restatement project plan, including regular updates on accounting issues and all revised accounting policies;
- Received and approved the revised external audit plan and budget;
- Considered the nature and extent of all non-audit services provided by the independent external auditors. These are approved and reviewed by the Committee, to ensure compliance with the company's policy on non-audit services;
- Discussed the Company and Group's tax matters including tax reports and the tax implications of restatements;
- Reviewed and considered the JSE proactive monitoring report;
- Performed an evaluation of the CFO and was satisfied that his expertise and experience meet the appropriate standard;
- Evaluated the competence of the finance function and discussed the skills gap with the CFO. A plan is being put in place to close these gaps;
- Reviewed and approved the internal audit plan and monitored the execution thereof;
- Considered the effectiveness of internal and external audit processes;
- Reviewed fraud reports received through whistle-blowing processes among others;
- Considered the financial statements of the Company and Group and recommended these to the Board for approval;
- Considered the assessment by management of the going concern statement of the Company and Group and recommended to the Board that the Company and Group will continue as a going concern for the foreseeable future on the basis outlined in the going concern note contained in these annual financial statements;
- Monitored the Company and Group's compliance processes with regard to legal, regulatory and corporate governance requirements, recognising that enhancements are required and will be monitored;
- Discussed the effectiveness of the risk management and internal control environment. Significant enhancements are required and will be monitored by the Committee; and
- Operated within formal Board approved terms of reference and confirms that it discharged its duties and responsibilities in accordance with the terms of reference.

5. EXTERNAL AUDITORS

The Committee is tasked with appointing the external auditors and overseeing the external audit process. The Committee has nominated Deloitte, a registered auditor accredited on the JSE List of Accredited Auditors who, in the opinion of the committee is independent of the company, and Ms Ruwayda Redfearn as the designated auditor. The Committee has also considered the required inspection documents of IRBA and Deloitte as required by the JSE, to ensure audit quality.

It is the Audit Committee's preference to change the external auditor, to be consistent with the principles of the mandatory audit firm rotation requirements that become effective in 2023, also to ensure a refresh of auditor independence, having regard to the factors that have given rise to the requirement for restatements. For reasons detailed below, the Audit Committee is proposing that Deloitte be re-appointed as external auditor for the financial year ending 31 March 2020.

This proposal is made for a number of reasons:

- The significant delays in finalising the annual financial statements for the financial year ended 31 March 2019 means that the review of any information required for the purposes of a rights offer will need to take place almost immediately afterward. Thereafter, the 2020 year-end reporting and audit process will need to commence almost immediately. To this end, it would be extremely difficult, if not virtually impossible, from a timeline perspective to put the audit for the financial year ended 31 March 2020 out to tender, and to follow a process to appoint new auditors, in sufficient time to timeously commence and finalise the 2020 audit, in compliance with the JSE requirements.

- Even if the above is achievable, a new team of auditors, in engagement with a new finance team that have been hugely overstretched in finalising the 2019 financial results and the restatements, will lead to a capacity deficit to meet reporting deadlines. This will be further complicated by any new auditors wanting to ensure that they fully understand the restatements.
- Deloitte has, for purposes of the audit for the financial year ending 31 March 2019, changed its senior team, which addresses any perceived independence issue with the previous engagement team. Furthermore, Deloitte's quality control process has been significantly enhanced with both local and global oversight.

6. EXTERNAL AUDIT: KEY AUDIT MATTERS

The Committee notes the following key audit matters set out in the independent auditors' report, which were also matters of concern for the Committee over the year:

- Internal controls over financial reporting (group and separate);
- Valuation of standing cane (group and separate);
- Valuation and determination of cash-generating units (group and separate);
- Revenue recognition of year-end sugar sales (group and separate);
- Revenue recognition of large land sales and township properties (group); and
- Provision for development expenditure (group).

Management, together with the services of IFRS technical experts documented the key accounting practices, evaluated and reviewed the accounting treatment thereof and revised the company's accounting policies, as required. Emphasis was placed on providing greater clarity on the accounting policies and procedures. The Committee reviewed the treatment of all significant accounting matters and approved all changes to the accounting policies.

The auditors have issued an unqualified audit opinion with an emphasis of matter relating to going concern. Events and other matters indicate that material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The auditor's report also includes detail of an identified reportable irregularity in terms of the Auditing Profession Act which was reported to the Independent Regulatory Board for Auditors. The reportable irregularity pertained to non-compliance with the Companies Act relating to the preparation, approval, dissemination or publication of financial statements, knowing that those statements fail in a material way to comply with the requirements of the Companies Act or are materially false or misleading. Deloitte report that they have satisfied themselves that the reportable irregularity is no longer continuing.

7. INTERNAL AUDITORS AND INTERNAL FINANCIAL CONTROLS

Tongaat Hulett's internal audit function, supported by the internal audit service provider, KPMG, performed a review of the effectiveness of the company's internal control environment, including its internal financial controls, IT controls as they pertain to financial reporting and the effectiveness of its risk management process.

The Committee is of the view, based on the representations made by internal audit and the findings of the PwC investigation, that the internal financial controls in place for the Group were not effective during the period under review. The Committee is monitoring remedial action in this regard.

Given the breakdown in controls that led to the restatements, the Committee has reviewed the 2020 internal audit plan to ensure focus on key risk areas. The Committee will, after finalisation of the 2020 financial results, consider the resourcing of the Internal Audit function.

8. RESTATEMENTS AND PRIOR PERIOD ERRORS

The Committee notes that comparative information has been restated in the 2019 financial statements. Further, the Committee notes with regret that prior period errors valued at R11.9 billion in total have also been identified during the current year. The Committee has been advised that all identified errors relate to legacy challenges from periods prior to the 2018 financial year. Full details on both restatements and prior period errors can be found in the notes to the financial statements.

9. GOING CONCERN

Over the year, the Committee and Board have been acutely aware of their responsibilities with regards to solvency and liquidity/not trading recklessly. In this regard, management have provided weekly feedback on progress of their management of debt and cash flow to give such assurance to the Board.

The Committee reviewed a documented assessment by management of the going concern premise of the Group before recommending to the Board that the Group is a going concern and will remain so for the foreseeable future. The Committee reviews all proposed intercompany funding proposals and distributions to shareholders in terms of sections 44, 45 and 46 of the Companies Act, recommending such funding arrangements to the Board for consideration.

10. ANNUAL FINANCIAL STATEMENTS

The Committee assists the Board with all financial reporting and reviews the Annual Financial Statements as well as trading statements, provisional summarised consolidated financial information and results announcements.

The Committee has reviewed the Annual Financial Statements as well as trading statements and provisional summarised consolidated financial information of the Company and the Group and is satisfied that they comply with International Financial Reporting Standards.

11. COMMITTEE FOCUS IN 2020

In addition to the standard agenda items, the Committee will also be focusing on the following items for 2020:

- Strengthening the finance function, both at head office and subsidiary companies, with a greater integration between the two;
- Improvement of the internal control environment;
- Cash flow management;
- Combined assurance implementation with the groupwide integration of finance, risk and compliance functions; and
- Supporting the CEO and CFO in their turnaround plan.

12. CONCLUSION

This was certainly not a year where it was business as usual at Tongaat Hulett. The Board, Committee and management have worked with great effort in managing and restructuring the business to ensure its sustainability. This involved constant monitoring by the Board on restructuring activities and issues of solvency and liquidity. I thank the CEO and CFO for their tireless efforts over the past few months. The Committee is satisfied that it has discharged its duties and responsibilities as required by the Companies Act and that it has functioned in accordance with its terms of reference.

On behalf of the Audit and Compliance Committee

Fatima Daniels
Audit and Compliance Committee Chairman

Amanzimnyama,
Tongaat, KwaZulu-Natal
10 December 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Tongaat Hulett Limited

PO Box 243
Durban
South Africa

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Registered Auditors
Audit & Assurance – KZN
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2 Pencarrow Crescent
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REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Tongaat Hulett Limited (the Group) set out on pages 14 to 109, which comprise the statements of financial position as at 31 March 2019, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

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 Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the going concern note included in the basis of preparation and notes 15 and 29 to the consolidated and separate financial statements, which indicate that for the year ended 31 March 2019 the Group and Company, incurred a consolidated net loss of R793 million and a net loss of R907 million respectively. The notes to the consolidated and separate financial statements indicate that as a result of a breach of the Group's banking covenants at 31 March 2019, the Group's consolidated current liabilities exceed the consolidated current assets by R7 647 million and the company's current liabilities exceed the current assets by R10 413 million. The notes further disclose that this breach was waived by the Group's financiers and that the Group's South African debt has subsequently been restructured. The restructuring agreement includes multiple milestones that need to be met within the 12-month period following the issue of the consolidated and separate financial statements. The milestones are disclosed in the going concern and related notes to the consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in this respect.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the 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.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Internal Controls over Financial Reporting (Consolidated and separate)	
International Accounting Standard ("IAS") 1: *Presentation of Financial Statements* provides the requirements to be applied in preparing and presenting general purpose financial statements in accordance with International Financial Reporting Standards ("IFRS"). Strong internal controls over the financial reporting process are key to ensuring that financial statements are reliable and fairly presented. Management have reported to shareholders that their review of internal controls, supported by the review of the internal auditors, has indicated a severe breakdown in internal controls, including controls over financial reporting. Our external audit confirmed this view. In particular, severe gaps in controls over financial reporting such as the consolidation process and the completeness and accuracy of information, were identified. Our audit required extensive involvement from senior audit personnel, auditor's internal specialists and individuals with specialised knowledge. Challenges were experienced in obtaining sufficient and appropriate evidence, particularly in areas requiring judgement and estimation. We have concluded that the breakdown in the controls over the financial reporting process is a Key Audit Matter due to the significant and pervasive impact this had on the overall timing, level of expertise and effort associated with the current year audit of the financial statements.	We adopted a fully substantive audit approach to the audit of the financial statements. Our procedures performed to respond to the impact of the breakdown in internal controls over financial reporting, included an assessment of the output of the forensic review conducted by an external party by utilising our own in-house forensic experts. Performed a comprehensive review of all accounting policies with the involvement of an internal IFRS specialist to determine if they remain relevant, appropriate and in compliance with IFRS. We utilised internal and external individuals with specialist knowledge in areas involving complexities and judgement. Performed an assessment on the appropriate application of IFRS and involved an internal IFRS specialist in this process. Re-performed procedures on management's calculations in support of the different levels of aggregation in the consolidation process. We assessed the adequacy of disclosures with reference to detailed IFRS checklists. Based on the audit procedures performed and the level of expertise and effort associated with the current year audit, we are satisfied that our audit procedures were sufficient to mitigate the impact of the breakdown of controls over financial reporting.
Valuation of growing crops (consolidated and separate financial statements)	
The value of growing crops in the financial statements is quantitatively and qualitatively material to users as it converts to cash in a relatively short time-frame. Management's valuation process, governed by IAS 41: *Agriculture*, contains multiple significant assumptions involving judgment, each of which could have a material impact on the reported fair value of growing crops. Judgement by management is required in estimating the expected cane yield, the estimated sucrose content, and the forecast realisable sugar ("RV") price in the various markets that the Group operates in. Hectares under cane used in the underlying valuation models for growing cane not harvested and the number of months growth of that standing cane at year-end, are also subject to estimation error. The fair value of the growing crop is calculated via a complex, manual computation which further increased the audit risk associated with the balance. Due to the significance of the balance to the financial statements as a whole, combined with the significant assumptions associated with determining the carrying value and the prior period errors identified in this account balance, as set out in note 1, we considered the valuation of growing crops to be a Key Audit Matter.	We assessed the valuation of growing crop by performing the following: • We performed sensitivity analyses to identify and assess the impact of changes in the key inputs; • Utilising our accounting specialists, we concluded on the appropriate application of IAS 41: *Agriculture*, in the context of the Group's sugar operations; • We tested the mathematical accuracy and internal logic of the growing crops valuation model by performing independent calculations using the same key inputs as management; • We tested key inputs used in the valuation of growing crops by comparing the amounts used in the valuation for RV price, expected tons and sucrose yields, hectares and age of standing cane against historical and in-dependent market data; • We performed retrospective reviews by comparing the above key inputs used in the prior year's valuations, to actual outcomes, to assess the reasonableness and accuracy of the assumptions used; and • We assessed management's disclosures in note 9 against the requirements of IAS 41: *Agriculture* and noted no material exceptions. Based on the procedures performed above, we found the valuation of growing crop, as calculated by management, to be within a range of acceptable results.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key Audit Matter	How the matter was addressed in the audit

Valuation and determination of cash-generating units (consolidated and separate financial statements)

Key Audit Matter

Following the restatements, several of the Group's operations were not as profitable as previously reported and consequently several new impairment indicators were identified at each reporting period, including 31 March 2017 – being the earliest period presented in these financial statements.

In order to perform the impairment tests required by IAS 36: *Impairments* (IAS 36) it is necessary to determine cash generating units ("CGUs"). A CGU is the smallest group of assets that independently generates cash inflows. Due to the integrated nature of the Group's operations, management judgement needed to be applied in identifying CGUs.

The impairment tests applied to the carrying values of the assets in the CGUs entailed calculating discounted cash flow models for each of the individual CGUs. Significant assumptions and judgements were applied by management when performing these calculations to determine whether impairments were required.

As disclosed in the accounting policy of the consolidated and separate financial statements, there are a number of key judgements made by the management in determining the inputs into these models which include:

- future revenue volumes and growth;
- future operating margins;
- future major maintenance and capital expenditure; and
- discount rates applied to the projected future cash flows.

Management's assessment identified CGUs within the Sugar operations where the recoverable amount was significantly lower that the respective carrying amounts.

The impairment assessment by CGU was considered to be a matter of most significance to the current year audit due to:

- The significant judgments made by management regarding the assumptions and other forecast information included in the calculation used to perform the impairment assessments;
- The judgements applied in identifying an independent CGU in a vertically integrated business model; and
- The magnitude of the balances being assessed for impairment and the magnitude of the resultant impairments of certain CGUs' assets in the Sugar business.

How the matter was addressed in the audit

We assessed the valuation and determination of CGUs by performing the following procedures:

- Utilising our internal IFRS accounting specialists, we concluded on the appropriate application of IAS 36 in determining the Group's CGUs and the valuation of the identified CGUs;
- We assessed the competence, capabilities and objectivity of management's independent experts;
- Utilising our internal valuation specialists, we performed an independent assessment of the recoverable values of the underlying CGUs where impairment indicators existed. The independent assessment was evaluated against management's experts' assessment by performing the following procedures:
  - Assessing whether the valuation techniques used are consistent with industry norms;
  - Critically evaluating whether the discounted cash flow models used in management's valuation complied with the requirements of IAS 36;
  - Assessed the key assumptions used in calculating the discount rates and recalculating these rates;
  - Assessed the compilation of the projected cash flows used in the valuation models;
  - Analysed the projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the respective entities; and
  - Subjected the key judgements in the valuation model to sensitivity analyses.
- We assessed the allocation of identified impairments to underlying assets in accordance with the requirements of IAS 36; and
- We assessed management's disclosures in note 3 against the requirements of IAS 36 and noted no material exceptions.

Based on the procedures above, we found that the recoverable amount of the CGUs, as calculated by management's experts based on the assumptions, to be reasonable within our range of acceptable results.

Key Audit Matter	How the matter was addressed in the audit
Accounting for occupied land in Zimbabwe and the related cane roots and growing crop (Group)	

Accounting for expropriated land where legal title has been taken away but where the asset continues to be actively managed and value is being derived for the benefit of the previous owner, raised technical accounting questions with few precedents. A brief background to the Zimbabwean land question follows:

During 2005, Hippo Valley North and certain parts of land owned by Triangle were expropriated by the Zimbabwean Government through Constitutional Amendment no. 17 of 2005. Cane land across the estate amounted to approximately 20 000 hectares. During 2007, the Zimbabwean Government entered into a lease with Hippo Valley Estates (HVE) for certain parts of the expropriated land to be used for safaris and hunting.

In January 2007, pursuant to the 2005 constitutional amendment that all land is State land and could be claimed by the State without compensation, the government issued leases to specified lessees for 8 681 Ha of land previously under the control of HVE. This was specifically for the Mteri game park land, which is predominantly in the Hippo Valley North area.

During 2016, third party farmers were given offer letters by the Zimbabwean Government to occupy 2 346 hectares of the expropriated land. The company appealed but lost the appeal in November 2017. The farmers that occupied the land, expropriated from HVE and Triangle, farmed the cane that was planted by HVE and Triangle and delivered harvested cane to the millers in return for compensation.

The significant accounting judgments relating to the appropriate accounting treatment relate to:

- An assessment of whether and which of the individual events over the years resulted in a loss of economic control of the land, cane roots and growing crop, under the relevant accounting standards. A loss of control would ordinarily lead to the de-recognition of an asset.
- An assessment of when these assets should be de-recognised as HVE and Triangle still continue to direct the use of the majority of the land for planting cane, actively farmed the cane and/or derived the benefits of the cane. However, the uncertainty over the length of time that this benefit will remain and the fact that government can and have taken the land away from HVE and Triangle calls into question whether HVE and Triangle control the land and potentially the cane roots and growing crop established on the land.

Due to the significance of the balance to the financial statements as a whole, combined with the significant judgements outlined above, and the resulting prior period errors identified, the appropriate accounting treatment for occupied land and the related cane roots and growing crop in Zimbabwe is considered to be a key audit matter.

Our procedures performed in considering the appropriateness of the accounting treatment included the following:

- We performed an assessment of the appropriate application of IFRS to the fact pattern established and involved an internal IFRS specialist in this process;
- We conducted site visits and inspected evidence of cane deliveries to the mill from the affected sections to assess whether the company continued to derive economic benefit of the affected cane fields;
- We assessed the events from 2005 to 2019 specifically pertaining to the derecognition aspects of land, growing crop and cane roots;
- We re-performed the cane root impairment calculations for 2017 and 2018; and
- We reviewed independent legal advice obtained by management with respect to the legal aspects pertaining to land occupation in Zimbabwe.

Based on the audit procedures performed above, we found management's assessment and conclusion that all of the expropriated land should have been derecognised as an asset from as early as 2007 to be acceptable.

We found Management's decision on the timing of the derecognition of the cane roots and growing crops, based on the fact pattern established by the procedures above, to be acceptable. Although the farms in question were occupied in 2017, there was uncertainty as to whether HVE and Triangle would regain control of these farms. As it became clearer that the farms were not going to revert back to the control of HVE and Triangle, the cane roots and growing crops were derecognised, as disclosed in notes 1, 3 and 9.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition of year-end sugar sales (group and separate)	
Sugar sales make up a significant portion of the Group's revenue. The Group's major sugar operations regularly sold the majority of their sugar stocks on hand at period-ends to certain regulatory bodies or a third party agent. Management determined that under IFRS 15: *Revenue from contracts with customers* and IAS 18: *Revenue* (previous years), the significant risks and rewards associated with ownership of the sugar inventory transferred later than previously reported in South Africa and Zimbabwe and for export inventory in Mozambique. In these cases, cash received up-front was determined to be financing in nature. Due to the complex commercial terms of these transactions, management judgement was required in assessing whether the risks and rewards of ownership (under IAS 18) and control (under IFRS 15) of the sugar stocks transferred in these period-end transactions. Key areas of judgement included: • Assessing whether the significant risks and rewards of ownership were retained; • Assessing the retained continuing managerial involvement and whether it was to a degree associated with ownership; and • Assessing whether the ability to direct the use of, and obtain substantially all of the remaining benefits remained with the entity. Due to the significance of the balance to the financial statements as a whole, combined with the significant judgements associated with determining the revenue to be recognised and the prior period errors identified in this account balance, as set out in notes 1 and 22, we considered the revenue recognition of period-end sugar sales to be a key audit matter.	Our procedures performed in considering the appropriate recognition of revenue in terms of IFRS 15 (current year) and IAS 18 (previous year) included: • We assessed the design and implementation of key controls by management over the revenue recognition; • Utilising our accounting specialists, we assessed the appropriateness of the application of IFRS 15 and IAS 18, in the context of the Group's sugar operations; • We inspected the contracts/agreements and identified the relevant terms to be assessed against the requirements of IFRS 15; • We performed substantive audit procedures on management's calculation in support of the restatement and related to revenue recognition; and • We involved internal tax specialists to assess the taxation impacts of the restatements. Based on the audit procedures performed above, we found management's assessment and conclusion to be acceptable.

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition of large land sales and township properties (group)	
The Group owns extensive portions of land, primarily used for sugar cane growing. The Group undertakes a review of its land holdings in conjunction with internal and external experts to decide on the prospect of such land being utilised for development or non-agricultural purposes. If this process indicates that agricultural land could be used more profitably, then a program is commenced to convert the land from agricultural use as part of the land conversion and development activities. The conversion of agricultural to developable land involves a lengthy process to obtain the necessary legislative, including environmental approvals. Once the necessary approvals have been received, the land is marketed for sale as either a large land sale or township property sale. At the time a willing buyer is identified and a sales contract signed, the bulk and/or basic services associated to the land may have not been installed. Once these services are secured, either by way of a performance guarantee or provision of the required services, the purchaser may take transfer of the land. At transfer date, the portion of revenue relating to the sale of land is recognised and that portion relating to the completion of basic services, is deferred and recognised as the service is delivered. It is this portion of service revenue that requires estimation and judgement. Revenue relating to large land sales, township property sales and service revenue earned is disclosed in note 22. Due to the significance of the various balances impacted to the financial statements as a whole, combined with the significant judgement used in determining the point of revenue recognition as well as the number of performance obligations and due to the prior period errors identified in this account balance, as set out in notes 1, 18 and 22; the revenue recognition related to these land sales is considered to be a Key Audit Matter.	We evaluated whether management had appropriately applied the requirements of IFRS 15 (current year) and IAS 18 (previous years) in respect of large land sales and township property sales by performing the following procedures: • Understanding the revenue recognition process in respect of these transactions to assess compliance with IFRS 15 and IAS 18 both from the recognition and measurement perspective as well as in terms of the presentation and disclosure requirements of the relevant standards, which involved the use of our internal IFRS specialist; • We assessed the design and implementation of key controls management had implemented to estimate the revenue portions relating to sale of land and sale of services; • We agreed the recognition of revenue for properties that had transferred during the respective years to confirmations from the transferring attorneys; • We inspected sales contracts to determine if there were any suspensive conditions which could result in revenue not being recognised; • We assessed the significant assumptions made by management in determining the accounting impact of suspensive conditions on revenue contracts; • We assessed the significant assumptions used by management relating to the revenue apportionment for service revenue; • We assessed the appropriateness of the split of revenue recognised for the sale of the land and services against supporting data; • We agreed the portion of revenue recognised related to the services completed at transfer or during the year if transferred previously to the stage of completion of the service; • We agreed the remaining portion of unrecognised revenue relating to services to the percentage of completion of the development costs for that land; and • We assessed management's disclosures in notes 18 and 22 against the requirements of IFRS 15 and IAS 18 and noted no material exceptions. Based on the audit procedures performed above, we found management's assessment on the timing of the revenue recognition of land sales and the related service revenue aspect to be reasonable.

Key Audit Matter	How the matter was addressed in the audit
Provision for development expenditure (group)	
As an integral part of the land conversion process, the Group often commits to providing certain bulk infrastructure, common costs and basic services – generally roads and utilities, as part of the sale of developable land. These infrastructure commitments are often in partnership with the local municipality or the developers themselves. Included in total provisions in note 19 of the consolidated financial statements, is a provision for development expenditure of R1 335 million (2018 restated: R1 092 million, 2017 restated: R1 221 million), relating to the present value of the anticipated cash outflows associated with the bulk infrastructure, common costs and basic services commitments. The accounting treatment in respect of the provision is complex, manual and involves significant judgements by management in determining the total expected project costs as a percentage of expected revenue estimates. These total cost predictions are important as they inform the cost of sales allocation as costs are matched to the revenue recognised on the fulfillment of the service condition to provide the infrastructure. The calculation of the future development expenditure provision is material and highly judgmental and was thus assessed as a Key Audit Matter.	We have assessed the appropriateness of the provision for development expenditure by performing substantive audit procedures which included the following: • Understanding the land conversion process in respect of the development expenditure to assess compliance with IAS 37: *Provisions, contingent liabilities and contingent assets* and IAS 2: Inventories both from the recognition and measurement perspective as well as in terms of the presentation and disclosure requirements of the relevant standards, which involved the use of an internal IFRS specialist; • For all active projects we independently assessed that the bulk infrastructure required in terms of the Environmental Impact Assessment and Record of Decision had been included in the provision at the appropriate period end; • Assessed the discount rate, inflation rates and cashflow projections used by management to determine the provision; • Assessed the contracts with suppliers, external estimates provided by internal and external consultants and internal estimates generated by management which were used to determine the provision at respective reporting periods; • Assessed the use of the work performed by management's expert to derive the provision of development expenditure on key projects; • For existing development projects/phases, details and expenditure input estimates were assessed against those made previously, as well as actual costs, substantiating any material amendments to corroborating documentation; • Assessed the key inputs used in the revenue estimates which are used to determine the allocation of the cost of sales for the various projects and associated revenue recognised; and • Assessed management's disclosures in note 19 against the requirements of IAS 37 and noted no material exceptions. Based on the audit procedures performed above, the inputs and methodology used by management in the determination of the provision appears to be reasonable within an acceptable range.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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's 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 evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the I RBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Tongaat Hulett Limited for 81 years.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The reportable irregularity pertained to non-compliance with the Companies Act in respect of the following requirement:

S 29(6) of the Companies Act 71 of 2008 subject to section 214(2) deems a person is guilty of an offence if the person is a party to the preparation, approval, dissemination or publication of:

(a) any financial statements, including any annual financial statements contemplated in section 30, knowing that those statements:

(i) fail in a material way to comply with the requirements of subsection (1); or

(ii) are materially false or misleading, as contemplated in subsection (2).

We have satisfied ourselves that the reportable irregularity is no longer continuing.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Ruwayda Redfearn CA (SA);
RA Partner
10 December 2019

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2019

R million	Notes	Group 31 March 2019	Group 31 March 2018 Restated	Group 1 April 2017 Restated	Company 31 March 2019	Company 31 March 2018 Restated	Company 1 April 2017 Restated
ASSETS							
Non-current assets							
Property, plant and equipment	3	**5 709**	6 317	6 239	**2 576**	2 620	2 548
Goodwill	4	**48**	50	51			
Other intangible assets	4	**388**	458	363	**280**	302	329
Investments in subsidiaries and joint operations	5	**–**	–	–	**1 311**	1 311	1 311
Investments in associates and joint venture	6	**6**	12	12	**–**	–	–
Deferred tax assets	16	**123**	322	276	**–**	–	–
Other non-current financial assets	7	**860**	934	895	**790**	772	713
Total non-current assets		**7 134**	8 093	7 836	**4 957**	5 005	4 901
Current assets							
Inventories	8	**3 673**	4 532	4 870	**1 065**	1 429	1 587
Biological assets	9	**1 552**	1 604	1 802	**234**	188	253
Trade and other receivables	10	**1 528**	1 713	1 899	**774**	821	837
Derivative financial instruments	11	**12**	7	–	**12**	7	–
Current tax assets		**72**	14	–	**–**	–	–
Cash and cash equivalents	12	**962**	2 723	2 788	**20**	79	29
Amounts owing by Group companies	5	**–**	–	–	**187**	659	358
		7 799	10 593	11 359	**2 292**	3 183	3 064
Assets classified as held for sale	13	**100**	–	–	**–**	–	–
Total current assets		**7 899**	10 593	11 359	**2 292**	3 183	3 064
Total assets		**15 033**	18 686	19 195	**7 249**	8 188	7 965

STATEMENTS OF FINANCIAL POSITION CONTINUED

as at 31 March 2019

R million	Notes	Group			Company		
		31 March 2019	31 March 2018 Restated	1 April 2017 Restated	31 March 2019	31 March 2018 Restated	1 April 2017 Restated
EQUITY AND LIABILITIES							
Capital and reserves	14						
Share capital		**135**	135	135	**135**	135	135
Share premium		**1 544**	1 544	1 544	**1 544**	1 544	1 544
Accumulated losses		**(3 548)**	(2 433)	(919)	**(7 949)**	(6 999)	(6 221)
Other reserves		**(1 704)**	(105)	428	**291**	282	287
Total equity attributable to owners of Tongaat Hulett Limited		**(3 573)**	(859)	1 188	**(5 979)**	(5 038)	(4 255)
Non-controlling interests		**601**	921	979	**–**	–	–
Total equity		**(2 972)**	62	2 167	**(5 979)**	(5 038)	(4 255)
Non-current liabilities							
Deferred tax liabilities	16	**660**	935	1 040	**–**	–	–
Post-retirement benefit obligations	17	**585**	728	723	**427**	531	518
Contract liabilities	18	**85**	54	61	**–**	–	–
Provisions	19	**1 041**	970	967	**8**	8	8
Government grants	20	**88**	107	84	**88**	107	84
Total non-current liabilities		**2 459**	2 794	2 875	**523**	646	610
Current liabilities							
Borrowings	15	**11 438**	11 303	9 955	**9 888**	10 327	8 940
Trade and other payables	21	**3 553**	3 558	2 950	**1 385**	1 477	1 257
Contract liabilities	18	**109**	56	44	**–**	–	–
Provisions	19	**302**	130	262	**–**	–	–
Government grants	20	**20**	20	12	**20**	20	12
Post-retirement benefit obligations	17	**58**	63	60	**46**	46	43
Non-recourse equity-settled BEE borrowings		**–**	603	623	**–**	–	–
Derivative financial instruments	11	**–**	8	9	**–**	8	9
Current tax liabilities		**46**	89	238	**–**	–	–
Amounts owing to Group companies	5	**–**	–	–	**1 366**	702	1 349
		15 526	15 830	14 153	**12 705**	12 580	11 610
Liabilities classified as held for sale	13	**20**	–	–	**–**	–	–
Total current liabilities		**15 546**	15 830	14 153	**12 705**	12 580	11 610
Total equity and liabilities		**15 033**	18 686	19 195	**7 249**	8 188	7 965

Certain comparative information has been restated, reclassified or re-presented, as a result of either a correction of prior period errors (note 1.1) or an adoption of new accounting standards (note 1.2)

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2019

R million	Notes	Group 31 March 2019	Group 31 March 2018 Restated	Company 31 March 2019	Company 31 March 2018 Restated
Revenue	22	**17 069**	17 505	**9 629**	9 346
Cost of sales		**(12 447)**	(14 391)	**(8 651)**	(8 568)
Gross profit		**4 622**	3 114	**978**	778
Marketing and selling expenses		**(975)**	(878)	**(261)**	(260)
Administrative and other expenses		**(2 523)**	(2 169)	**(928)**	(941)
Dividend income		**–**	–	**523**	840
Net impairment reversal/(loss)	23	**65**	(258)	**(21)**	(51)
Other operating income/(loss)		**18**	333	**(176)**	280
Profit from operations	23	**1 207**	142	**115**	646
Net finance costs		**(1 361)**	(1 095)	**(1 018)**	(991)
Finance costs	26	**(1 509)**	(1 259)	**(1 089)**	(1 055)
Finance income	26	**148**	164	**71**	64
Share of profit of associates		**2**	2	**–**	–
Loss before taxation		**(152)**	(951)	**(903)**	(345)
Income tax	25	**(640)**	(132)	**(4)**	(30)
Loss for the year		**(792)**	(1 083)	**(907)**	(375)
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss					
Re-measurement of post-retirement benefit obligations		**(37)**	(10)	**53**	3
Tax effect of re-measurement of post-retirement benefit obligations		**8**	2	**(15)**	(1)
Items that may be reclassified subsequently to profit or loss					
Foreign exchange differences on translation of foreign operations		**(2 728)**	(662)	**–**	–
Other comprehensive (loss)/income for the period, net of tax		**(2 757)**	(670)	**38**	2
Total comprehensive loss for the period		**(3 549)**	(1 753)	**(869)**	(373)
Loss for the year attributable to:					
Owners of Tongaat Hulett Limited		**(1 063)**	(1 159)	**(907)**	(375)
Non-controlling interests		**271**	76	**–**	–
		(792)	(1 083)	**(907)**	(375)
Total comprehensive loss for the year is attributable to:					
Owners of Tongaat Hulett Limited		**(3 319)**	(1 713)	**(869)**	(373)
Non-controlling interests		**(230)**	(40)	**–**	–
		(3 549)	(1 753)	**(869)**	(373)
Earnings per share (cents)	28				
Basic and diluted earnings		**(948)**	(1 054)	**–**	–

Certain comparative information has been restated, reclassified or re-presented, as a result of either a correction of prior period errors (note 1.1) or an adoption of new accounting standards (note 1.2)

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2019

R million	Notes	Share capital	Share premium	Retained earnings	B-BBEE held con-solidation shares	Foreign currency translation reserve	Share-based payment reserve	Capital redemption reserve funds	Total equity attributable to owners of Tongaat Hulett Limited	Non-controlling interests	Total
		Group									
Balance at 1 April 2017 as previously reported		135	1 544	9 044	(642)	302	365	33	10 781	1 957	12 738
Correction of prior period errors	1.1	–	–	(9 938)	–	499	(96)	(33)	(9 568)	(976)	(10 544)
Adoption of new accounting standards	1.2	–	–	(25)	–	–	–	–	(25)	(2)	(27)
Restated total equity at 1 April 2017		135	1 544	(919)	(642)	801	269	–	1 188	979	2 167
Total comprehensive loss for the year		–	–	(1 167)	–	(546)	–	–	(1 713)	(40)	(1 753)
Loss for the year (restated)		–	–	(1 159)	–	–	–	–	(1 159)	76	(1 083)
Other comprehensive loss for the year, net of tax (restated)		–	–	(8)	–	(546)	–	–	(554)	(116)	(670)
Share-based payment charge (restated)		–	–	–	–	–	48	–	48	–	48
Purchase of shares for delivery to employees		–	–	–	–	–	(65)	–	(65)	–	(65)
BEE share-based payment charge		–	–	–	–	–	12	–	12	–	12
Reallocation of SPV reserves		–	–	(19)	19	–	–	–	–	–	–
Dividends	27	–	–	(330)	–	–	–	–	(330)	–	(330)
Dividends – non-controlling shareholders		–	–	–	–	–	–	–	–	(18)	(18)
Restated total equity at 31 March 2018		**135**	**1 544**	**(2 435)**	**(623)**	**255**	**264**	**–**	**(860)**	**921**	**61**
Total comprehensive loss for the year		**–**	**–**	**(1 083)**	**–**	**(2 236)**	**–**	**–**	**(3 319)**	**(230)**	**(3 549)**
Loss for the year		**–**	**–**	**(1 063)**	**–**	**–**	**–**	**–**	**(1 063)**	**271**	**(792)**
Other comprehensive loss for the year, net of tax		**–**	**–**	**(20)**	**–**	**(2 236)**	**–**	**–**	**(2 256)**	**(501)**	**(2 757)**
Share-based payment charge		**–**	**–**	**–**	**–**	**–**	**38**	**–**	**38**	**–**	**38**
Purchase of shares for delivery to employees		**–**	**–**	**–**	**–**	**–**	**(27)**	**–**	**(27)**	**–**	**(27)**
BEE share-based payment charge		**–**	**–**	**–**	**–**	**–**	**2**	**–**	**2**	**–**	**2**
Deconsolidation of B-BBEE held shares		**–**	**–**	**36**	**623**	**–**	**–**	**–**	**659**	**(18)**	**641**
Dividends	27	**–**	**–**	**(66)**	**–**	**–**	**–**	**–**	**(66)**	**–**	**(66)**
Dividends – non-controlling shareholders		**–**		**–**	**–**	**–**	**–**	**–**	**–**	**(72)**	**(72)**
Total equity at 31 March 2019	14	**135**	**1 544**	**(3 548)**	**–**	**(1 981)**	**277**	**–**	**(3 573)**	**601**	**(2 972)**

Certain comparative information has been restated, reclassified or re-presented, as a result of either a correction of prior period errors (note 1.1) or an adoption of new accounting standards (note 1.2)

STATEMENTS OF CHANGES IN EQUITY CONTINUED

for the year ended 31 March 2019

R million	Notes	Company						
		Share capital	Share premium	Retained earnings	Share-based payment reserve	Total equity attributable to owners of Tongaat Hulett Limited	Capital redemption reserve funds	Total
Balance at 1 April 2017 as previously reported		135	1 544	1 300	384	3 363	29	3 392
Correction of prior period errorrs	1.1	–	–	(7 521)	(97)	(7 618)	(29)	(7 647)
Restated total equity at 1 April 2017		135	1 544	(6 221)	287	(4 255)	–	(4 255)
Total comprehensive loss for the year		–	–	(373)	–	(373)	–	(373)
Loss for the year (restated)		–	–	(375)	–	(375)	–	(375)
Other comprehensive income for the year, net of tax (restated)		–	–	2	–	2	–	2
Share-based payment charge (restated)		–	–	–	37	37	–	37
Purchase of shares for delivery to employees		–	–	–	(57)	(57)	–	(57)
BEE share-based payment charge		–	–	–	11	11	–	11
Intergroup share-based payment adjustment		–	–	–	4	4	–	4
Dividends paid	27	–	–	(405)	–	(405)	–	(405)
Restated total equity at 31 March 2018		**135**	**1 544**	**(6 999)**	**282**	**(5 038)**	**–**	**(5 038)**
Total comprehensive loss for the year		**–**	**–**	**(869)**	**–**	**(869)**	**–**	**(869)**
Loss for the year		**–**	**–**	**(907)**	**–**	**(907)**	**–**	**(907)**
Other comprehensive income for the period, net of tax		**–**	**–**	**38**	**–**	**38**	**–**	**38**
Share-based payment charge		**–**	**–**	**–**	**30**	**30**	**–**	**30**
Purchase of shares for delivery to employees		**–**	**–**	**–**	**(21)**	**(21)**	**–**	**(21)**
Dividends paid	27	**–**	**–**	**(81)**	**–**	**(81)**	**–**	**(81)**
Total equity at 31 March 2019		**135**	**1 544**	**(7 949)**	**291**	**(5 979)**	**–**	**(5 979)**

Certain comparative information has been restated, reclassified or re-presented, as a result of either a correction of prior period errors (note 1.1) or an adoption of new accounting standards (note 1.2)

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2019

R million	Notes	Group 31 March 2019	Group 31 March 2018 Restated	Company 31 March 2019	Company 31 March 2018 Restated
Cash flows from operating activities					
Cash generated from operations	A	**1 720**	1 876	**638**	1 304
Taxation paid	25	**(408)**	(359)	**(19)**	(31)
Net cash inflow generated from operating activities		**1 312**	1 517	**619**	1 273
Cash flows from investing activities					
Finance income	B	**90**	105	**13**	5
Additions to property, plant and equipment:	3				
New expansion capital		**(608)**	(193)	**(112)**	(87)
Replacement and core capital		**(137)**	(584)	**(98)**	(249)
Establishing new cane roots		**(15)**	(47)	**(15)**	(47)
Replanting of cane roots		**(329)**	(434)	**(29)**	(55)
Intangible assets:	4				
Sharecropper and cane supply arrangements		**(22)**	(59)	**(22)**	(58)
Software and other		**(15)**	(86)	**(5)**	(71)
Proceeds on disposal of property, plant and equipment		**8**	9	**28**	160
Proceeds on disposal of investments		**2**	–	**2**	–
Loans (advanced to)/repaid by growers		**(5)**	4	**(5)**	4
Government grants received	20	**–**	43	**–**	43
Net cash outflow from investing activities		**(1 031)**	(1 242)	**(243)**	(355)
Cash flows from financing activities					
Dividends paid:					
To shareholders of Tongaat Hulett Limited	27	**(66)**	(330)	**(81)**	(405)
To non-controlling shareholders		**(54)**	(21)	**–**	–
Finance costs	B	**(1 107)**	(1 025)	**(1 039)**	(1 003)
Borrowings:	15				
Raised	C	**8 940**	9 811	**6 352**	8 104
Repaid	C	**(8 398)**	(8 357)	**(6 791)**	(6 717)
Net movement on non-recourse equity-settled BEE borrowings	27	**(12)**	(74)	**–**	–
Purchase of shares for delivery to employees		**(27)**	(65)	**(24)**	(57)
Net proceeds from/(repayment of) amounts owing to Group companies		**–**	–	**1 148**	(789)
Net cash outflow from financing activities		**(724)**	(61)	**(435)**	(867)
Net (decrease)/increase in cash and cash equivalents		**(443)**	214	**(59)**	51
Cash and cash equivalents at the beginning of the financial year as previously reported:					
At beginning of the year		**2 723**	2 741	**79**	58
Correction of prior period errors	1	**–**	47	**–**	(30)
Restated balance at beginning of the year		**2 723**	2 788	**79**	28
Translation effects on cash and cash equivalents		**(1 309)**	(279)	**–**	–
Transfer to assets held for sale		**(9)**	–	**–**	–
Cash and cash equivalents at end of the year	12	**962**	2 723	**20**	79

NOTES TO THE STATEMENTS OF CASH FLOWS

for the year ended 31 March 2019

R million	Notes	Group 31 March 2019	Group 31 March 2018 Restated	Company 31 March 2019	Company 31 March 2018 Restated
A. CASH GENERATED FROM OPERATIONS					
Loss for the year		**(792)**	(1 083)	**(907)**	(375)
Adjusted for:					
Finance costs	25	**1 509**	1 258	**1 089**	1 055
Finance income	25	**(148)**	(163)	**(71)**	(64)
Income tax	26	**640**	132	**4**	30
Profit from operations		**1 209**	144	**115**	646
Depreciation on property, plant and equipment		**596**	549	**265**	244
Amortisation of intangible assets		**57**	36	**41**	31
(Reversal of)/impairment losses on property, plant, equipment and intangibles		**(65)**	259	**20**	50
Allowance for expected credit losses		**(103)**	69	**440**	116
(Profit)/loss on disposal of property, plant, equipment, intangibles and roots		**97**	132	**16**	31
(Profit)/loss on disposal of land, buildings and cane roots		**(1)**	(3)	**(24)**	(156)
Movement in fair value of biological assets		**(470)**	(45)	**(46)**	65
Foreign exchange (gains)/losses		**31**	69	**(10)**	5
Share-based payments – BEE charge		**2**	12	**1**	11
Share-based payments – Employee share incentive scheme		**38**	48	**30**	38
Movement in provision for retirement benefit obligations		**(111)**	(43)	**(101)**	(34)
Deferred income (government grants) released to statement of profit or loss		**(19)**	(12)	**(19)**	(12)
Other non-cash items:					
Financial instruments		**5**	(6)	**5**	(6)
Valuation adjustment on investment		**2**	3	**(2)**	–
Operating cash flows before movements in working capital		**1 268**	1 212	**731**	1 029
Working capital changes					
Movement in inventories		**184**	341	**347**	154
Movement in trade and other receivables		**(115)**	(52)	**(351)**	(99)
Movement in trade and other payables and contract liabilities		**518**	639	**(89)**	220
Investment in development of land portfolio	19	**(132)**	(262)	**–**	–
		455	666	**(93)**	275
Cash generated from operations		**1 723**	1 878	**638**	1 304

NOTES TO THE STATEMENTS OF CASH FLOWS CONTINUED

for the year ended 31 March 2019

R million	Notes	Group 31 March 2019	Group 31 March 2018 Restated	Company 31 March 2019	Company 31 March 2018 Restated
B. FINANCE COSTS AND FINANCE INCOME					
Finance income					
Per statement of profit or loss and other comprehensive income	25	**148**	164	**71**	64
Pension fund employer surplus account		**(58)**	(59)	**(58)**	(59)
Per statement of cash flows		**90**	105	**13**	5
Finance costs					
Per statement of profit or loss and other comprehensive income	25	**1 509**	1 259	**1 089**	1 055
Unwind of discount on provisions:					
Retirement gratuity		**(16)**	(17)	**(12)**	(12)
Post-retirement medical aid		**(44)**	(49)	**(38)**	(40)
Financial instrument expense		**(104)**	(113)	**–**	–
Non-recourse equity-settled BEE interest	27	**(48)**	(55)	**–**	–
Losses on revaluation of external borrowings		**(190)**	–	**–**	–
Per statement of cash flows		**1 107**	1 025	**1 039**	1 003
Net finance costs per statement of cash flows		**1 017**	920	**1 026**	998
C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES					
Balance at 1 April as previously reported		**11 303**	7 521	**10 327**	7 436
Prior period errors		**–**	2 434	**–**	1 504
Restated balance at beginning of the year		**11 303**	9 955	**10 327**	8 940
Cash movements for the period		**(566)**	430	**(1 478)**	385
Term loans and bonds:					
– raised		**827**	2 069	**1**	2 053
– repaid		**(270)**	(1 813)	**(171)**	(1 751)
General short-term banking facilities:					
– raised		**8 113**	7 742	**6 351**	6 051
– repaid		**(8 128)**	(6 544)	**(6 620)**	(4 966)
Interest paid		**(1 108)**	(1 024)	**(1 039)**	(1 002)
Non-cash movements for the period		**702**	918	**1 039**	1 002
Currency adjustments on borrowings:					
Currency adjustment		**(596)**	(106)	**–**	–
Loss on revaluation of borrowings		**190**	–	**–**	–
Interest charged		**1 108**	1 024	**1 039**	1 002
Closing balance		**11 439**	11 303	**9 888**	10 327
D. TAXATION PAID					
Tax liability at the beginning of the year		**75**	238	**–**	–
Taxation charged for the year in the income statement		**311**	195	**19**	31
Translation differences		**(4)**	1	**–**	–
Tax liability/(asset) at end of the year		**26**	(75)	**–**	–
Taxation paid		**408**	359	**19**	31

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

REPORTING ENTITY

Tongaat Hulett Limited ("Tongaat Hulett" or the "Company") is incorporated and registered in South Africa. In South Africa the registered office is Amanzimnyama Hill Road, Tongaat, 4400, KwaZulu-Natal. The principal activities of the company and its subsidiaries (the "Group") and the nature of the Group's operations are set out in note 2 on Segment Reporting.

The consolidated financial statements of Tongaat Hulett, as at and for the year ended 31 March 2019, comprise the Group and the Group's interests in associates and joint arrangements (the "consolidated financial statements"). The separate financial statements of Tongaat Hulett, as at and for the year ended 31 March 2019 only comprise the company (the "separate financial statements"). The consolidated and separate financial statements together are referred to as the "financial statements".

BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); the interpretations applicable to companies reporting under IFRS as developed by the IFRS Interpretations Committee and issued after approval by the IASB; the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the SAICA Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements and the requirements of the Companies Act of South Africa 2008, as amended.

The financial statements have been prepared under the supervision of Mr R Aitken CA (SA), Chief Financial Officer and were approved for issue by the Board of Directors on 10 December 2019. They will be presented to shareholders at the Annual General Meeting on 24 January 2020.

Historical cost convention

The financial statements are prepared on a historical cost basis, except as disclosed in the significant accounting policies.

Presentation

The financial statements are presented in South African Rand, which is Tongaat Hulett's functional and presentation currency, rounded to the nearest million.

GOING CONCERN

Introduction

The IFRS Conceptual Framework states that going concern is an underlying assumption in the preparation of IFRS financial statements of the Company and Group ("the entities"). Thus, the financial statements presume that an entity will continue in operation in the foreseeable future or, if that presumption is not valid, disclosure and a different basis of reporting are required. The Board of Directors ("Board") believes that as of the date of this report, this presumption is still appropriate and accordingly the financial statements have been prepared on the going concern basis.

Ability of the Company and Group to continue as a going concern

IAS 1, Preparation of Financial Statements, requires management to make an assessment of the Company and Group's ability to continue as a going concern. To this extent, IAS 1 states that when management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, such uncertainties should be disclosed. In conducting this assessment, management have taken into consideration the following factors:

- During the current year, a strategic and financial review revealed certain past accounting practices that led to a forensic investigation and the restatement of prior year financial information. The Company and Group's statement of financial position has been negatively impacted by restatements of R7 647 million and R10 571 million respectively at 1 April 2017, respectively.
- The Company and Group reported a net loss of R907 million and R792 million for the 2019 financial year, respectively. This is mainly attributed to the cost of funding of the entities' debt and the slow response over the past few years to re-align the cost base with the deterioration in the local sugar markets. In addition, the current economic climate is not conducive to land sales and associated development activity, which in the past was able to bolster declining sugar profits. These challenges have in part, been balanced by the performance of the starch business, which remains strong.
- Whilst the Company and Group's total liabilities of R13 228 million and R18 005 million exceed the book values of total assets of R7 249 million and R15 033 million at 31 March 2019, respectively, the fair values of the total assets of the entities exceed their total liabilities. The director's assessment of fair value is supported by independent expert valuations of its material business units and landholdings.
- The company's current liabilities R12 705 million exceeded its current assets R2 292 million and the Group's current liabilities R15 546 million exceeded its current assets R7 899 million at 31 March 2019. This is mainly due to the classification of the long-term facilities as current, arising from the breach of financial covenants contained in the previous South African short- and long-term facilities ("previous SA Facilities") for the measurement date falling on 31 March 2019, which called for debt facilities being subject to repayment on demand.
- The Company and Group signed a waiver and undertaking agreement with its South African Lenders (SA Lenders) (signed on 15 May 2019). In the waiver agreement, the SA Lenders agreed, amongst other things, to waive their rights arising from any breach of financial covenants contained in the previous SA Facilities agreement. In terms of the waiver agreement, the company and the other obligors agreed to, inter alia, the following:
    - to provide certain indemnities in connection with the previous SA Facilities and any other facilities the SA Lenders might make available from time to time and provide the following security in favour of the SA Lenders in respect of such indemnities:

    a) mortgage bonds over the immovable properties owned by them;

    b) a cession in security of their right, title and interest in and to the net proceeds realised by them in connection with any disposals of immovable properties they elect to make from time to time;

    c) a cession over debtors and inventory as required, and all other security as agreed to from time to time;

    d) to procure the subordination of certain intra-group claims that other Tongaat Hulett Group companies have against them;

    e) to limit the financial support they provide to non-South African companies in the Group; and

    f) to provide certain financial and other information to the Lenders on an ongoing basis.

GOING CONCERN CONTINUED

Ability of the Company and Group to continue as a going concern continued

Further details to the waiver and undertaking agreements are set out in note 33.

As a result of the liquidity constraints, weak trading environments and difficult regulatory conditions in which the entities found themselves, the Board undertook a comprehensive assessment of the entities, including their solvency and liquidity statuses. The events and conditions described in this note give rise to a material uncertainty regarding the ability of the Group to continue as a going concern in the foreseeable future.

Solvency

At 31 March 2019, independent valuations of the majority of the entities assets indicate that their fair values significantly exceed their carrying values as well as the external debt. The asset base of the entities comprises mainly tangible assets with significant value, not reflected in the book value of the underlying businesses. This position gives the Board several options in dealing with the entities turnaround and debt restructure plans, which are set out below.

Liquidity

In assessing the entities' liquidity, management prepared a cash flow forecast up until 31 March 2021, taking into consideration its turnaround plan and the debt restructuring initiatives which, if successfully implemented, indicate that the entities will have sufficient cash resources for the foreseeable future which is defined as 12 months from the date of publishing these financial statements. Cash flows and liquidity are monitored on a daily basis by management with oversight from the Board Restructuring Committee.

Management has considered a number of estimates, judgments and assumptions in performing the liquidity assessments, the most significant of which are listed and expanded upon below:

- Continued positive results of the operational turnaround plan;
- The reduction in debt through the sale of assets and/or equity raising to meet the debt reduction milestones;
- The availability of the usual seasonal working capital facility to cover any shortfall during the stock build up period of the sugar season;
- An expectation that cash proceeds from property disposals will be sufficient to fund previously committed development expenditures, during the
- forecast period; and
- It is unlikely that any material claims will be payable within the next 12 to 18 months and at this point management has not forecast cash outflows related to any material claims that could arise in the future.

Continued positive results of the operational turnaround plan

The Board has initiated a turnaround plan to ensure the entities' long-term sustainability by enhancing operational performance and improving operational liquidity in the short- and medium-term. The implementation thereof is far advanced. The turnaround plan is aimed at improving overall performance, re-setting the cost bases of the various operations in the entities and creating stability. Extensive cost reduction actions that have already been implemented and continue to be rolled out in order to right-size the operations and implement initiatives to improve working capital. Although meaningful progress has been made and significant costs have already been extracted from the business, the turnaround plan is ongoing, and these efforts will need to continue in order to positively impact future cash flows.

Significant changes were made to the Board, executive management, the operational management teams and reporting structures. This, *inter alia,* include the establishment of a Board Restructuring Committee, as referred to above, to oversee the turnaround process and support management.

The reduction in debt through the sale of assets and/or equity capital raising to meet the debt reduction timeline

As part of the debt restructuring initiative, the South African Group has entered into new senior term loan facilities, senior revolving credit facilities and overdraft facilities ("New SA Facilities") on new commercial terms and the provision of security. The New SA Facilities will be used to primarily refinance amounts owing to lenders in South Africa under existing facilities and to fund general corporate and working capital requirements. At the date of this report the outstanding conditions precedent to bring into effect the New SA Facilities are considered administrative in nature with a low risk of not being met and are as follows:

- The amendment of the Memorandum of Incorporation to remove the borrowing limitation which requires a 75% shareholder approval. As the refinancing will not be allowed without this amendment and historically most listed entities have successfully removed this limitation, the Board considers it unlikely that the shareholders will not support this motion. The circular to shareholders relating to the proposal of the new Memorandum of Incorporation has been circulated and the voting closing date set for 7 January 2020 with the results published a day later. The risk of completing the condition is low but will require time to comply with the shareholder meeting notice period;
- Constitutional documents, board resolutions, shareholder resolutions and closing certificates of the obligors and security providers;
- Finance documents, including all facility, counter indemnity and subordination agreements, debt guarantee, debt guarantor memorandum of incorporation and trust deed and other relevant security documents;
- Legal opinion satisfactory to the facility agent; and
- Other documents relating to Lender administrative matters, the key initiatives report, valuation reports, advisor mandate overviews and fees.

The Group has agreed with the South African Lenders that they will execute a plan to reduce the level of debt by a minimum of R8.1 billion through the sale of assets and/or equity capital raise. A significant portion of the R8.1 billion needs to be achieved by 30 September 2020 as disclosed in the table below. Numerous initiatives are in progress to achieve these milestones, which in aggregate exceed the total R8.1 billion repayment obligation. The Board is assessing which options and combinations thereof provide the best outcome for the entities.

GOING CONCERN CONTINUED

The reduction in debt through the sale of assets and/or equity capital raising to meet the debt reduction timeline continued

Details of the facilities are set out in note 33 of the annual financial statements.

The New SA Facilities provide for four measurement test signature dates (i.e. to conclude a sales agreement) and four separate payment test dates (i.e. to receive the debt reduction proceeds) over the period to 31 March 2021. The following table sets out the key test dates on which cash proceeds are to be paid to the Lenders:

Payment test date	Debt reduction amount (cumulative)	Plans to achieve the repayment milestones
30 June 2020, based on a signature date of 30 November 2019 of the specific initiatives.	**R0.5 billion**	This milestone is likely to be achieved well ahead of time due to the disposal of the groups 51% interest in Tongaat Hulett Namibia ("THN") which was signed on 18 November 2019 and which is expected to result in gross proceeds of R112 million. In addition, the liquidation of the Tongaat Hulett Pension Fund is well advanced and proceeds of R500 million are expected before 30 June 2020.
30 September 2020, based on a signature date of 31 March 2020 of specific initiatives.	**R4 billion**	This is expected to be achieved via a combination of non-core and potentially core asset disposals and a rights issue, of which significant progress has been made in all areas in order to meet this timeframe.
31 December 2020 based on a signature date of 30 June 2020 of specific initiatives.	**R6 billion**	As these milestones are cumulative any surplus payments from previous milestone dates effectively reduce the targets for the next milestone measurement test date, the options available to meet these milestones are dependent upon what was implemented in the previous milestone and include further disposals or to the extent not implemented before an equity raise.
31 March 2021 based on a signature date of 30 September 2020 of specific initiatives.	**R8.1 billion**	

Early receipt of any proceeds will be applied as a voluntary prepayment and consequently reduce the interest payable on the New SA Facilities. Voluntary prepayments are not reversible in terms of the New SA Facilities.

The New SA Facilities contain both general and specified events of default, which may impact the entities' ability to continue as a going concern. The more salient events of default include:

- Failure to meet any of the debt reduction milestones as set out above and such failure is not waived within 14 days of any test date or if an equity capital raise is not announced within 14 days of the test date and the Group does not implement the equity capital raise within 60 days of the 14-day period.
- The Group undertakes any equity capital raise and within 40 days does not receive acceptances or underwriter's undertakings to participate in such an equity capital raise that would render proceeds of at least R1 billion.
- Implementation of any debt reduction transaction (other than an equity raise) and the shareholders do not vote in favour of the transaction (subject to certain remedies) or if a circular containing that resolution has not been posted within 30 days.
- An audit qualification save for any going concern qualification or modification recorded in the restated financial statements.

In an event of default, the SA Lender group would follow due process which provides for options ranging from allowing the borrower to remedy, for SA Lenders to reserve their rights until agreement is reached, waive the default or at the extreme issue a notice of acceleration. Should the SA Lenders issue a notice of acceleration, this still allows for a process of renegotiation. Furthermore, the intention of including the stipulated default conditions in the New SA Facilities are to rather trigger early communication and/or allow for commercial considerations for the SA Lenders as to the margin ratchet in order to reflect possible higher risk as a result of the event of default.

The Board has appointed capital market advisers and is considering various capital raising alternatives. In assessing the various options available to reduce debt, the Board is mindful of the impact that different potential disposals may have on the entities' cash flow generation thereafter and believes that an equity raise of R4 billion will be required. Notwithstanding that, certain assets or parts thereof, will need to be disposed of. As part of the turnaround plans presented to the Board, future profitability and cash generation forecasts support a sustainable business going forward. As the entities operate in different businesses and geographies, the future cash generation and resultant debt levels could vary vastly in cases where different asset disposal choices are made. For this reason, the Board is pursuing a rights offer in conjunction with the other initiatives to ensure the optimal outcome between meeting the debt reduction milestones and sustainability going forward.

The Group has identified numerous assets which could be disposed of, entirely or partially, and has embarked on various simultaneous initiatives to potentially dispose of these assets in an organised manner and at reasonable prices. The Group is aware that it may need to make significant disposals of its core assets and has received non-binding expressions of interest in relation to some operations and assets within the Group. If pursued, these disposals are expected to generate enough cash to reduce debt and enable the Group to meet the debt reduction milestones. Certain of these non-binding expressions of interest have progressed well and, in some cases, due diligence processes have commenced.

The Mozambique entities of the Group have negotiated a debt standstill agreement with their local lenders until 31 December 2020. This agreement has been signed by all lenders and will be signed by the Mozambique entities when the new board is constituted at the Annual General Meeting on 17 December 2019. A debt reduction plan to reduce debt to a sustainable level and restructure existing debt facilities is currently being progressed and is likely to be implemented in due course. If successful, this would positively impact the Group's cash flows. Despite the standstill agreement, it is uncertain whether existing debt facilities in Mozambique will be restructured and under what terms. A last ranking cross-border guarantee is envisaged to be provided by Tongaat Hulett Limited to certain Mozambique lenders to the extent that a USD 15 million syndicated liquidity facility is implemented. The likelihood of any cash outflow from a South African Group perspective is considered remote due to the security in place at the Mozambique level and the principle of excussion.

The Zimbabwean entities have standalone facilities in place, which are not supported by the SA Group. It is anticipated that these facilities will remain in place in the foreseeable future.

GOING CONCERN CONTINUED

The availability of the usual seasonal working capital facility to cover any shortfall prior to the end of the sugar season

The South African sugar business requires enough working capital facilities to cover the peak point in the season when inventories build up prior to sale, as the crushing season is typically nine months of a year. Over the past three years, lenders have extended a seasonal facility to cover any shortfall prior to the end of the season on the basis that from an industry perspective, the South African Sugar Association essentially acquires all sugar inventories at 31 March, which provides certainty around liquidity. Management has therefore assumed that seasonal facilities will be extended as required.

An expectation that cash proceeds from property disposals will be enough to fund development activities during the forecast period

There are several large land sale agreements that have been signed of which transfers have not yet taken place and hence cash proceeds have not yet been received. In addition, there is a healthy pipeline of deals that are under negotiation. The Group has significant obligations relating to the provision of bulk and basic infrastructure as set out in note 19 which will be discharged on a phased manner over a period of time. Whilst management is in the process of negotiating with the municipality to reduce the Group's share of the bulk infrastructure obligation, it expects that the cash outflows relating to the bulk infrastructure will be self-funding from future land sales.

It is unlikely that any material claims will be payable within the next 12 to 18 months

No known material claims, or regulatory investigations have been instituted against the entities at the date of this report. The Group is co-operating with various regulators. Accordingly, it is unlikely that any material claims will be payable within the next 12 to 18 months and at this point management has not forecast cash outflows related to any material claims that could arise in the future.

Material uncertainty relating to going concern

The Board is of the view that given the significant headroom in the fair value of the assets over the fair value of the liabilities, the entities are solvent as at 31 March 2019 and at the date of this report.

The ability of the entities to repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations, the ability to realise cash through a combination of disposals of core or non-core assets, or part thereof, and the successful raising of equity. The liquidity dependencies indicate that a material liquidity uncertainty exists, that may cast doubt on the company and/or the Group's ability to continue as a going concern.

The Board have no intention to cease trading, curtail operations nor liquidate the businesses, other than the orderly disposals that may be necessary to reduce debt.

The Board remains focused on and committed to the turnaround strategy and repayment of debt. There is a material uncertainty related to events or conditions that may cast significant doubt on the Company and Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Board has concluded that the Company and Group are able to discharge liabilities in the normal course of business and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The Group and Company have consistently applied the following significant accounting policies to all periods presented in the financial statements, except if mentioned otherwise.

Certain comparative amounts in the financial statements have been restated, reclassified or re-presented, as a result of either a correction of prior period errors (note 1.1) or an adoption of new accounting standards (note 1.2).

Principles of consolidation and equity accounting

Subsidiaries and non-controlling interests (NCI)
Subsidiaries are all entities (including structured entities) over which the Group has control and consolidates. On an acquisition-by-acquisition basis, the Group recognises non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Joint arrangements
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 has both joint operations and joint ventures.

Joint operations
The Group 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. Details of the joint operation are set out in note 5.

Joint ventures
Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. When the Group's share of losses or reversal of unrealised gains equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Associates
Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting.

Investments in subsidiaries, associates, joint ventures and joint operations in the separate financial statements
Investments in subsidiaries, associates, joint ventures and joint operations are measured at cost less any accumulated impairment.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Foreign currencies

Transactions and balances

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other operating income.

Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of other comprehensive income are translated at average exchange rates unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used;
- equity items are translated at the exchange rate ruling when they arose; and
- all resulting exchange differences are classified as a foreign currency translation reserve and recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount previously recognised in other comprehensive income relating to that particular foreign operation is recognised in profit and loss. The Group does not reclassify any of the foreign currency translation reserve on partial disposal of a foreign operation as there is no change in the proportionate interest of the entity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

With effect from 1 October 2018, the functional currency of the Group's Zimbabwean operations changed from US Dollar to RTGS Dollar. For further details, refer to *Critical estimates and judgements.*

Property, plant and equipment

Property, plant and equipment is measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses, except for land and capital work-in-progress which is shown at cost less accumulated impairment. Costs include any other directly attributable expenditure incurred to bring the assets to the location and condition necessary for them to be capable of operating in a manner intended by management.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured and allocated reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

The Group's cane roots are bearer plants under the definition in IAS 41 *Agriculture* and are therefore accounted for as property, plant and equipment. Costs capitalised to cane roots include all direct costs incurred during land preparation and planting up until the cane root is covered by soil, provided that such costs are directly attributable to the planting of cane roots and will result in probable future economic benefits. Therefore, irrigation and general farming costs are excluded.

Fallow land costs falling outside of the normal operating cycle are considered to be maintenance rather than improvements to the soil. Such costs would not result in future economic benefits and are expensed.

Agricultural land is recorded at historical cost. The transfer price for agricultural land sold between Group entities for development is determined with reference to a third party valuation and is recognised on the date that legal transfer is registered in the deeds office. Any resultant unrealised profit is eliminated in the Group on consolidation.

Depreciation is recognised over the useful lives of assets using the straight-line method on the following basis:

Item	Average useful life
Agricultural land improvements	50 to 70 years
Buildings	30 to 50 years
Cane roots	6 to 12 years
Plant and equipment	4 to 40 years
Vehicles, rail trucks and locomotives	4 to 40 years
Dams, canals and irrigation	50 years
Furniture and equipment	3 to 10 years
Leased assets	Shorter of the lease term and useful life
Land	Not depreciated
Capital work-in-progress	Not depreciated until such time as the asset is available for use

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Intangible assets

Goodwill
Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Computer software
Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. Otherwise, development costs are recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Cane supply agreements
Cane supply arrangements acquired as part of a business combination are measured initially at fair value as these are a separately identifiable intangible assets and represent security over cane supply of an operation.

Share Cropper Agreements (SCA)
The Group enters into SCAs with farmers (share croppers) to facilitate the managing and cultivating of planted cane roots to standing cane. The costs incurred by the Group relating to the establishment of the land and the planting of seed cane as part of the arrangement, are recognised as an intangible asset. In substance, this represents the right to receive harvested cane in future from the share cropper, therefore securing the supply of cane, which meets the definition of an intangible asset.

Research expenditure
Research costs incurred with the prospect of gaining new scientific or technical knowledge and understanding, are recognised in profit or loss when incurred.

Development expenditure
Development costs, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised only if and when it results in an asset that can be identified, it is probable that the asset will generate future economic benefits (i.e. the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development) and the development costs can be reliably measured.

Amortisation is recognised over the useful lives of intangible assets using the straight-line method on the following basis:

Item	Useful life
Computer software	4 to 10 years
Patents and licences	4 to 20 years
Cane supply agreements	3 to 10 years
Share Cropper Agreements	10 years
Goodwill	Not amortised

Impairment of non-financial assets

Assets that have an indefinite life, including goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are Grouped into CGUs, being the lowest levels at which a Group of assets generates cash inflows that are separately identifiable. Where an impairment is determined with respect to a CGU, the impairment is allocated firstly to goodwill and then to the remaining assets in terms of their relative carrying value.

No asset within a CGU is written below the higher of its fair value less cost to sell (if determinable), its value-in-use (if determinable) or zero. Non-financial assets other than goodwill that were impaired, are reviewed for possible reversal of the impairment at each reporting date.

Inventories

Sugar- and maize- related raw materials, work in progress, finished goods and consumables
Inventories are stated at the lower of cost and net realisable value determined, either on the first-in-first-out and weighted average methods. Cost comprises direct materials, direct labour and an appropriate proportion of overhead expenditure based on normal operating capacity.

Maize purchase obligations
Maize purchases are financed via a mill door facility with a financial institution and the liability is recognised as a short-term borrowing, with interest recognised over the period of the obligation.

Land held for development and sale
Land held for development and sale comprise land at cost and development expenditure attributable to unsold properties. Development expenditure consists of township planning and servicing costs, mainly relating to the construction and installation of bulk infrastructure and basic services. Land held for development is stated at the lower of cost and net realisable value.

Bulk infrastructure represents the higher order engineering services (e.g. water, electricity, sewerage, road access) that are required to be installed at a regional level (typically outside the boundary of the land to be developed) to support the development of the land. Basic services represent the supply of localised public infrastructure typically within the boundary of the land being developed. The costs associated with the installation of these services by the Group are necessary to convert agricultural land to developable land for sale.

Management applies judgement in allocating costs relating to bulk infrastructure and basic services to various precincts of land being developed.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2019

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Inventories continued

Land held for development and sale continued

Management uses the Environmental Impact Assessment (EIA) carried out in respect of land to be developed to identify which precincts to allocate bulk infrastructure to. EIAs are conducted by independent consultants and include details of the bulk infrastructure requirements of a precinct in order for the land to be rezoned and developed. EIAs are required as part of the planning approval process. The method of allocating bulk infrastructure costs to precincts is done on a rational, reasonable, uniform and consistent basis, based on precincts serviced by the infrastructure and the likelihood of development of a precinct.

Once the allocation of bulk infrastructure to a precinct has taken place it has to then be allocated to individual sites in the precinct. The allocation of such bulk infrastructure costs and the allocation of basic services to individual sites within a precinct also requires judgement and is based on estimated revenue each individual site is expected to generate within a precinct. This allocation is performed consistently across precincts and revenue estimates are reviewed at each reporting period. Where there is a change in the estimated cost of bulk infrastructure and/or basic services, the allocation of costs across the sites is updated in the year that such change occurs. For sites already sold within the precinct, the revised cost allocations are expensed.

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Biological assets

Standing cane

Growing crops comprise standing cane and are accounted for as biological assets until the point of harvest. Biological assets are measured at fair value, determined with reference to the industry recoverable value. The recoverable value is the amount paid to growers in respect of cane delivered to a mill based on a formula that takes into consideration the quality of the cane delivered.

The cane roots are bearer plants and are therefore recognised as property, plant and equipment. Harvested cane is transferred to inventory at fair value less costs to sell when harvested.

Financial instruments

Financial instruments comprise investments in equity, loans receivable, trade and other receivables (excluding prepayments), cash and cash equivalents borrowings, bank overdrafts, derivatives and trade and other payables. In the separate financial statements financial instruments also include amounts owing by Group companies and amounts owing to Group companies.

Classification

The Group classifies financial assets and liabilities into the following categories:

- amortised cost; or
- fair value through profit or loss.

For investments in debt instruments, classification is based on the contractual cash flow characteristics and the Group's business model for managing financial instruments. Debt instruments held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest are measured at amortised cost.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments. The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition, or issue of the financial asset or liability.

Subsequent measurement

Subsequent to initial recognition, financial assets and liabilities are measured as follows:

Category	Subsequent measurement
Financial assets	
Financial assets at amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. The effective interest rate method is based on the amount of the book value of the financial instrument at the beginning of the accounting period. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss.
Derivative assets	Derivative assets are subsequently measured at fair value with changes therein recognised in profit or loss, unless the derivative is formally designated in a hedging relationship.
Financial liabilities	
Financial liabilities at amortised cost	Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.
Derivative liabilities	Derivative liabilities are subsequently measured at fair value with changes therein recognised in profit or loss, unless the derivative is formally designated in a hedging relationship.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments continued

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the Group transfers the financial asset and if it transfers substantially all the risks and rewards of ownership of the asset to another entity and the transfer qualifies for derecognition.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Fair value determination

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level impute that is significant to the entire measurement.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

The Group has the following financial assets it assesses for impairment:

- Other non-current financial assets: other loans at amortised cost;
- Trade receivables;
- Other receivables; and
- Cash and cash equivalents.

For trade and other receivables the Group applies the simplified approach permitted by IFRS 9. The simplified approach allows entities to recognise lifetime expected losses on all trade receivables without the need to identify significant increases in credit risk. Based on the nature of the other receivables the Group considers the following:

Significant increase in credit risk

In making an assessment, the Group considers:

- both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

a) Definition of default

The Group considers information developed internally or obtained from external sources that indicate that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

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

b) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the significant financial difficulty of the issuer or the borrower.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Group writes 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, e.g. 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's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Financial instruments continued

Trade and other payables
Trade payables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, and demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are measured at amortised cost.

Amounts owing to/by Group companies
Amounts owing by/to Group companies are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Trade and other receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates and collateral is not normally obtained.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss within operating expenses.

Borrowings
Borrowings are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Hedge accounting
The Group applies fair value hedge accounting to its maize procurement contracts and commodity futures. The Group's risk management objective is to lock in the price of maize on the portion of maize procured for a season through SAFEX in terms of the maize purchasing strategy. The Group meets this objective by entering into a number of maize future contracts in order to sell the required tonnage once contracts with farmers/traders have been concluded. The required tonnages are typically purchased once contracts are negotiated with customers. In this way, the impact of the variability of maize prices on contributions is mitigated.

The futures contracts are recognised at fair value and are subsequently remeasured to fair value at the end of each reporting period. Fair values are determined using quoted SAFEX prices.

The firm commitment being hedged (purchase of maize from the farmer) is fair valued, and any fair value adjustments are recorded as a profit or loss with a corresponding entry recorded as a financial asset or liability in the statement of financial position.

Due to the fact that the base cost of the hedged item is a SAFEX maize future and the term of the future is matched to the underlying hedged item, the hedge is expected to be highly effective.

To the degree that the hedge has been effective for the duration of the hedging relationship, all gains and losses on the future that have been accumulated in financial asset or liability will be recognised as an adjustment to the cost price of the underlying hedged item (purchase of maize). When a hedging instrument expires, any cumulative gain or loss existing in a financial asset or liability at that time is recognised in profit or loss when the firm commitment is ultimately recognised in profit or loss. However, if a committed transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in financial asset or liability is immediately transferred to profit or loss.

Assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect of time value of money is material.

Provision for development expenditure
As described in the revenue accounting policy relating to the sale of township properties, to the extent that an obligation for the construction of infrastructure is unavoidable, a provision is recognised based on the estimated cost of completing servicing. The registration of transfer of ownership of the first township property sold within a precinct gives rise to this obligation both contractually and in terms of legislation. The Group cannot avoid completing the basic services and bulk infrastructure including water and sewerage reticulation, storm water drainage, electricity reticulation and road access, to the precinct as a whole.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Deferred tax

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of the assets and liabilities at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting period and reduced to the extent that it is no longer probable that the related asset will be realised.

Revenue

Revenue is recognised by the Group when it transfers control of a product or service to a customer. Revenue is measured based on the consideration which the Group expects to be entitled to in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue from the following major sources:

Revenue from the sale of sugar, animal feeds, starch, glucose and other related products

The Group sells sugar, animal feeds, starch, glucose and other related products to its customers in both the local and export market. For the sale of such products, the revenue is recognised when control of the goods has transferred, being when the goods are delivered to the customer. At this point, a receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time and when the right to consideration becomes unconditional as only the passage of time is required before payment is due.

Mozambique

The Group holds a 50% interest in a joint operation, Distribuidora Nacional de Açúcar Limitada ("DNA") that acquires, distributes, markets and sells sugar on behalf of all the sugar millers in the Mozambique sugar industry. In terms of the DNA shareholders agreement, all sugar is deemed to be sold to the DNA once the sugar has been placed on the warehouse floor. In respect of sugar designated for the local market, the DNA carries inventory risk and has pricing latitude to negotiate the price at which the sugar is sold to the end customer. As such local market revenue is recognised at the point the sugar is received into the Mozambique sugar operations' warehouses.

In respect of sugar designated for the export market, the Group retains an obligation to repurchase this sugar from the DNA and the revenue is only recognised when the sugar is shipped to the end customer.

South Africa

At the end of the sugar season, the South African Sugar Association ("SASA") purchases all the South African sugar operations stock ("carry-over stock") designated for the local market at a notional price. There is no physical delivery of the sugar and in the new season, the South African sugar operations continues to sell the carry-over stock to its existing customers at its own negotiated prices. As and when the carry-over stock is sold to the end customer, the SASA is refunded the notional price. The arrangement with SASA is reflected as a financing arrangement and revenue is recognised when the sugar is sold to the end customer.

The sugar millers within the South African sugar industry are allocated a pro-rata share of the local sugar market. Where a sugar miller sells sugar in excess of its local market entitlement it is required to pay SASA an amount related to this excess for redistribution to the sugar miller who has underperformed with respect to their entitlement. Any receipts or payments in terms of the redistribution process are recognised as an adjustment to revenue.

Zimbabwe

The sale of sugar and ethanol products is recognised at the point at which the product is delivered, in the required format and quality, to the customer. Any sales arrangement where there is no physical delivery of the product, the pricing of the product does not reflect the existing format of the product, or where the Zimbabwe sugar operation is appointed to act as agent on behalf of the purchaser, is reflected as a financing transaction.

Revenue from the sale of township properties and large land sales

Township property sales represent the sale of a site within a precinct where the land is in the process of being converted and developed. To obtain the full development rights and planning approvals required to effect sale and subsequent transfer of the land to a third party, the Group may have to provide or contribute to bulk infrastructure and also has a legal obligation to install the basic services. Township property sales are priced using the current market price of the bulk development rights or housing units allocated to the site sold.

Large land sales represent the sale of existing farmlands (i.e. undeveloped land) where there are no or partial development rights in place. Large land sales do not attract any obligation for the Group to put in place the bulk infrastructure or basic services. Such land is priced based on the number of hectares sold, taking into account recent land sales in the area, the value of any partial development rights in place and a portion for the development potential of the land.

While there are two types of land sale transactions, the underlying asset is effectively the same (i.e. the land) and therefore the same revenue recognition considerations are applied to both transaction types. To be specific, the revenue recognition for the sale of land is at a point in time for both types of transactions being when transfer of ownership of the property is registered. In certain instances where the contractual terms of a sale result in the Group retaining the legal title to the land solely to protect the collectability of the amount due (i.e. there is an insignificant risk of ownership), revenue may be recognised prior to the date of legal transfer provided that the customer has paid of a substantial non-refundable deposit, the customer is paying occupational rent and has been granted permission to commence construction.

For a township property sale where the basic services have not yet commenced and/or have not been completed, this represents a separate performance obligation and a portion of the contracted sales price a portion is deferred and recognised over time as the services are implemented.

In certain instances, to accelerate the transfer of land ahead of obtaining approval for the sub-division, the legal title to the larger parent property was transferred to the purchasers with an agreement to transfer it back to the Group for no consideration when the planning approvals were obtained. Such sales will only be recognised once the sub-division has been approved.

Deposits received upon signing of contracts for purchases of land on which revenue recognition criteria have not been met are recognised as income received in advance.

SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Government grants

In South Africa, the Group received a grant from the Jobs Fund to use to expand its area under cane. As a condition of the arrangement, the granting funding was to be spent in terms of a detailed project plan. The government grant was recognised in profit on the date of receipt and it has subsequently been determined that the grant should have been recognised as deferred income and release to the income statement over the same time period that the related cane roots established are expensed.

Employee benefits

Retirement funds

The Group operates defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The assets of the plans are held separately from those of the Group and are administered and controlled by trustees. Contributions to the defined contribution plans are charged to profit or loss in the period in which the related services are rendered by the employee.

Short-term employee benefits

The cost of short-term employee benefits such as salaries, employee entitlements to leave pay, bonuses, medical aid and other contributions, are expensed in the period in which the employee renders the related service.

Post-employment 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 and will not be reclassified to profit or loss.

Share-based payments

The Group enters into share-based payment transactions in terms of the employee share incentive schemes. The charge to profit or loss required by IFRS 2 *Share-based Payment* is accounted for in terms of the scheme on the basis that the instruments are equity-settled. The total amount to be expensed on a straight-line basis over the vesting period is determined with reference to the fair value of the awards determined at the grant date.

Non-market vesting conditions are included in assumptions about the number of awards that are expected to become due, including taking into account the forfeiture of instruments due to resignation and these assumptions are reviewed on an annual basis. The fair value of the share-based payment is measured using a binomial tree model and/or a Monte Carlo Simulation model, as is appropriate for the various schemes.

Pension fund employer surplus account

The employer surplus account recognised in Tongaat Hulett's financial statements relates to the allocations previously made in the defined benefit fund. The employer surplus account may be utilised for a contribution holiday and, within the regulatory framework, there is a "loan" from the pension fund to the Company in respect of the employer surplus account.

New Standards, Amendments to Standards and Interpretations in issue but not yet effective

The Group has elected not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's financial years beginning on or after 1 April 2019 or later periods:

Effective for financial year beginning 1 April 2019

IFRS 16 Leases
IFRIC 23 Uncertainty over Income Tax Treatments
IAS 19 Plan amendment, Curtail or Settlement – amendments
IFRS 9 Prepayments Features with Negative compensation – amendments
Annual improvements to IFRS Standards 2015 – 2017 Cycle

Effective for financial year beginning after 1 April 2020

Conceptual Framework for Financial Reporting
IFRS 3 Definition of a Business – amendments
IAS 1 and IAS 8 Definition of Material – amendments

Management is of the view that the adoption of the above-mentioned standards in future periods is not expected to have a significant financial impact on the Group's financial statements and will only result in additional disclosure requirements with the exception of IFRS 16, as discussed below.

These statements, interpretations and standards will be adopted at the respective effective dates.

IFRS 16 *Leases*

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. It provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all leases except leases with a term less than 12 months or where the underlying asset is low in value. The accounting for lessors will not significantly change. The date of initial application of IFRS 16 for the Group will be 1 April 2019. The Group will apply the modified retrospective approach permitted by IFRS 16. Consequently, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information.

IFRS 16 will primarily affect the accounting for the Group's operating leases. As at 31 March 2019, the Group has non-cancellable operating lease commitments of R136 million (2018: R133 million).

Management is currently in the process of assessing the impact of IFRS 16 on its current operating lease contracts and other contracts. The project has not yet been finalised due to disruptions faced by the Group as a result of the PwC Forensic investigation and consequential restatement of financial results. It is therefore not yet possible to estimate reliably the right-of-use assets and lease liabilities that the Group will have to recognise and how this may affect the Group's profit or loss.

CRITICAL ESTIMATES AND JUDGEMENTS

The Group prepares its financial statements in accordance with IFRS, the application of which often requires management to make judgements when formulating the Group's financial position and results. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Although estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results may differ from these estimates.

Management considers these judgements and estimates, as described below, to have a material effect on the consolidated financial statements.

Nature of judgement/estimate	Description
Impairment of assets	Judgement was applied in determining the cash-generating units (CGUs) making up the sugar operations due to the integrated nature of the sugar operations and the ability of the assets making up such operations to generate cash flows independently of each other. Management makes a number of estimates in determining the recoverable amount of CGUs being tested for impairment: *General* Corporate costs and assets/liabilities are allocated to CGUs based on the previous year's contribution to Group revenue. Working capital and capital expenditure are based on forecasts. Discount rates applied with specific references to the inclusion of specific risk premiums. *South African Sugar Operations* The forecast recoverable value (RV) and notional prices are estimated taking into consideration forecast international sugar prices, exchange rates, local market demand and industry production/supply. Sales volumes, local market sales prices and cost saving initiatives together with the timing of implementation of these initiatives are based on forecasts. *Zimbabwe Sugar Operations* The estimated amount of cane is forecast taking into consideration area to be harvested, cane yields and sucrose content. The estimated growth in sales in the local and export market is forecast by management taking into account market demand in addition to the mix of local and export sales. *Mozambique Sugar Operations* The estimated amount of cane is forecast taking into consideration area to be harvested, cane yields and sucrose content. The estimated net recoverable value (NRV) is a factor of local market prices, export prices, total industry volumes and Tongaat Hulett's share of the industry.
Treatment of Share Cropper Agreements (SCA)	Management applied judgment in determining that the substance of payments in terms of SCAs are intangible assets as a right to receive harvested cane in the future.
Cane root cost capitalisation	Management applied judgment in determing when the cane root is available for use in the manner intended by management, being when the cane root is in the furrow and covered by soil.
Occupied land	Management applied judgment in determining the impact of land expropriation and occupation in Zimbabwe (and timing thereof), given the political uncertainty in Zimbabwe and events that have taken place over a number of years. Refer to *Prior Period Errors* Note.
Valuation of biological assets (including seed cane nursery produce)	Growing crops are required to be measured at fair value less harvesting, transport and over-the-weighbridge costs. In determining fair value management estimates the yield and recoverable value of standing cane taking into consideration adjusted by a factor to reflect the growth of the cane at 31 March (i.e. the cane growth percentage). The cane growth percentage reflects the long-term average climate industry information and agricultural conditions at each operation.
Provision for development expenditure	Management estimates the costs of completing basic services and bulk infrastructure in respect of township properties that have been sold. The estimates are determined with reference to estimates provided by third party service providers as part of the conditions of establishment imposed by the municipality although these may cover a number of township properties at various stages. Any liability recognised in respect of such expenditure is subject to uncertainty due to the long time frames involved relating to land development as well as other factors including unforeseen events during construction and the impact of other macro-economic factors.
Allocation of development infrastructure costs	Management applies judgment in allocating common costs, including bulk infrastructure expenditure to various precincts being developed taking into consideration the infrastructural requirements of each precinct, refer to *Significant Accounting Policies*. Thereafter, allocations to individual sites is determined with reference estimated revenue which is based on market research and makes allowances for site and phase-specific infrastructural requirements, refer to *Significant Accounting Policies*. Refer to note 19 *Provisions*. IFRS 15 *Revenue from contracts with customers* requires identification of performance obligations in respect of revenue contracts. Management applied judgement in determining that two performance obligations exist in respect of the sale of township properties, where basic services have not yet commenced or are incomplete, in determining whether the obligation is to the customer or municipality.

CRITICAL ESTIMATES AND JUDGEMENTS CONTINUED

Nature of judgement/estimate	Description
Revenue from the sale of large land sales and township properties	Accordingly management estimates the portion of revenue attributable to each of the performance obligations. Estimates are used to determine the stand-alone selling prices relating to the sale of land and provision of services as the Group does not sell such goods and services on a stand-alone basis. The amount of revenue relating to the provision of services is determined with reference to the cost to complete the basic services plus a margin representing an appropriate return for the risk assumed and the cost of capital. The land component is arrived at using the residual approach, namely the difference between the total transaction price per the sale agreement and the stand-alone selling price of the services. For contracts accounted over time, the stage of completion is used to determine the revenue to be recognised in the financial statements. This is calculated based on the proportion of actual costs to the total contract costs over the life of the contract. In determining the stage of completion, the Group estimates the cost of construction services and activities to be performed at the statement of financial position date.
Sugar redistributions and export sales	Management applied judgment in determining the accounting treatment for sugar redistributions and export sales South Africa as being similar to variable consideration in respect of revenue from contracts with customers, despite payment not being made to or received from a customer.
Taxation	Due to the complexity of legislation and varying tax jurisdictions in which the Group operates, management estimates the provision for income taxes. The tax impact of a transaction or item can be uncertain until a conclusion is reached with the relevant tax authority. Management takes into consideration all available information. Deferred tax assets are measured to the extent it is probable that taxable income will be available in the future against which the assets can be utilised. The forecast profit and cash flows are utilised in the assessment of the recoverability of deferred tax assets. Management also exercises judgement in assessing the likelihood that the business plans will be achieved and that the deferred tax assets are recoverable.
Provision for expected credit loss on loans and trade and other receivables	When measuring ECLs the Group uses 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. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
Recognition of investment in Distribuidora Nacional de Açúcar Limitada ("DNA")	DNA meets the definition of a joint arrangement, as it is an economic arrangement between two or more parties, where the investors sharing joint control make the decisions about the relevant activities. Management applied judgement in determining whether the DNA is a joint venture or joint operation as a result of the relationship between DNA and its shareholders in respect of the sale of sugar in Mozambique. The DNA has been classified as a joint venture and unrealised gains arising from sales of sugar from the Group to the DNA are eliminated.
Determinination of the functional currency of foreign subsidiaries and associates in Zimbabwe	Judgement has been applied in the reporting and translation of the investments in Triangle Sugar Corporation Limited and Hippo Valley Estates Limited, subsidiaries of Tongaat Hulett, which have been impacted by a change in functional currency. On 1 October 2018, the Reserve Bank of Zimbabwe (RBZ) directed all banks to ring-fence Nostro foreign currency accounts (FCAs) by separating them into two categories, namely Real Time Gross Settlement (RTGS) FCAs for local RTGS transactions and Nostra FCAs for foreign currencies. Consequently, there was also an increase in the practice of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, despite a legislative framework mandating parity. On 20 February 2019, it was announced that the RTGS Dollar would be recognised as the official currency and that an inter-bank foreign exchange market would be established to formalise trading in RTGS balances with other currencies. The exchange rate between the RTGS Dollar and the US Dollar was fixed at a rate of 1:1 for the period 1 October 2018 up to the effective date. However, the official inter-bank exchange rate post 22 February 2019 was RTGS$ 2.5:US$ 1. As a result of the lack of an observable legal exchange rate from 1 October 2018 to 20 February 2019 and limited liquidity in the observable RTGS Dollars to foreign currencies to 3 March 2019, management have applied judgment in the estimation and application of the exchange rate of the RTGS Dollar to the US Dollar. In addition, the premium at which Old Mutual shares trade on the Zimbabwe Stock Exchange versus the JSE was taken into consideration as an approximate indicator of an appropriate exchange rate. Refer to notes 5 and 6 for further details.
Measurement of post-retirement obligations	Post-retirement benefit 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.
Measurement of share-based payments	Equity-settled share-based payments vest with the participant subject to the achievement of a non-market performance condition. Management estimates the likelihood of the performance condition being met when determining the IFRS 2 *Share-based payment* charge to recognise in profit or loss.
Going concern	Refer to Basis of Preparation.

1. RESTATEMENTS

During the year, the Group identified and accounted for the following types of restatements:

1.1 Correction of prior period errors

1.2 Adoption of new accounting standards

1.1 CORRECTION OF PRIOR PERIOD ERRORS

In February 2019, the Group commenced a comprehensive review of its previously reported financial information which identified certain historic accounting practices that required further examination. At the instance of the Board, Bowman Gilfillan Inc. appointed PricewaterhouseCoopers Service Proprietary Limited to conduct a forensic investigation into these accounting practices. In addition, the internal review was expanded to cover those accounting policies applied by the Group that did not form part of the scope of the forensic investigation.

In parallel, the JSE Limited's ("JSE") Proactive Monitoring process raised further issues on the financial statements for the year ended 31 March 2018. This engagement with the JSE complemented the Group's internal review process, assisted in identifying additional prior period errors and provide input into proposed changes to the accounting treatment. The Board is appreciative of the contribution made by the JSE and the benefit it derived from the Proactive Monitoring process.

The culmination of all the various processes identified a substantial number of prior period errors which have been corrected through the restatement of the annual financial statements. These errors mostly extend back over the past six years and the cumulative correction has been reflected in the 31 March 2017 statement of financial position. To quantify the financial impact of the prior period errors, the Group had to establish the appropriate accounting treatment. The Group followed a comprehensive process whereby each accounting issue was documented, the existing accounting practice analysed and a suitable, IFRS compliant accounting policy established. All material accounting issues were robustly debated by management, its advisors and its external auditors to ensure a technically correct and commercially sensible accounting policy. The Group's Audit and Compliance Committee provided the necessary governance and oversight of the process, approving the revised accounting treatment and the related management judgement involved in implementing the policy.

As a result of the extent and complexity of the restatements required to correct the errors, management has aggregated and categorised the restated transactions according to type and impact on the consolidated financial statements. While details of the prior period errors identified and the specific effect on the financial statements are set out in the note, the following table summarises the financial impact of the restatements to correct the prior period errors.

		Financial impact 31 March 2018			Financial impact 31 March 2017		
				Equity	Equity		
Categories of restatement	Notes	**Asset increase/ (decrease)**	**Liability (increase)/ decrease**	**Profit (decrease)/ increase**	**Opening balance (decrease)/ increase**	**Asset increase/ (decrease)**	**Liability (increase)/ decrease**
Revenue recognition	1.1.1	**(516)**	**(2 201)**	**(119)**	(2 598)	(30)	(2 568)
Cane assets	1.1.2	**(2 953)**	**(107)**	**(744)**	(2 316)	(2 316)	–
Cost capitalisations	1.1.3	**(3 256)**	**(501)**	**(606)**	(3 151)	(2 638)	(513)
Asset recoverability	1.1.4	**(4 034)**	**–**	**379**	(4 413)	(4 413)	–
Reclassifications and other items	1.1.5	**69**	**(107)**	**(570)**	532	389	(143)
Effect of taxation and non-controlling interest	1.1.6	**322**	**1 398**	**32**	1 688	276	1 412
Total impact relating to accounting irregularities		**(10 368)**	**(1 518)**	**(1 628)**	(10 258)	(8 732)	(1 812)

1.1.1 Revenue recognition and other income

A general finding of the review process was that revenue was recognised earlier than the guidance provided by IAS 18 *Revenue*. In certain instances, revenue transactions lacked commercial substance.

a. Sale of land

Tongaat Hulett Developments Proprietary Limited ("THD"), representing the Group's property segment, mainly sells serviced land to purchasers for their investment and/or future real estate development. For this purpose, it acquires agricultural land from Tongaat Hulett Limited ("THL"), which then goes through the various land conversion processes in order for it to be re-zoned, sub-divided and ready for sale as either serviced (i.e. as a township property) or unserviced land (i.e. as a large land sale).

Historically, the sale of properties was recognised on the date of signature of the agreement despite legal title to the property not yet transferring. Under IAS 18, the revenue recognition criteria would generally only be satisfied on the date of transfer, as this is the date upon which the purchaser has the ability to unilaterally affect changes to the asset.

The change in the timing of revenue recognition has been applied to internal property sales between THD and THL.

1. RESTATEMENTS CONTINUED

1.1 CORRECTION OF PRIOR PERIOD ERRORS CONTINUED

1.1.1 Revenue recognition and other income continued

a. Sale of land continued

The following anomalies were also identified during the forensic review:

Vendor financing
Instances were identified where THD has provided purchasers with financing to enable them to acquire property. On one occasion, THD provided cash collateral to assist a potential purchaser of land to finance the purchase.

Take-back arrangements
In certain instances, to accelerate the transfer of land ahead of obtaining approval for the sub-division, the legal title to the larger parent property was transferred to the purchasers with an agreement to transfer it back to THD for no consideration when the planning approvals were obtained. The sale will only be recognised once the sub-division has been approved.

Segmental fees
Various fees were charged between THD and THL related to commissions or land administration fees that despite eliminating on consolidation were incorrectly adjusted in the computation of headline earnings.

b. Sale of sugar

Zimbabwe
At the financial half year and year-end, the Zimbabwe sugar operations entered into a sales arrangement with a single counterparty for the balance of the sugar held in stock. The arrangement was priced at local market selling prices even though a substantial portion of the sugar stock was not of sufficient quality for the local market and was ultimately stock to local and export refiners for reprocessing at lower prices. There was no physical movement of the sugar stocks and as part of the arrangement, the Zimbabwe sugar operations were appointed as agent to sell the sugar on behalf of the counterparty. In substance, the transaction was a financing arrangement secured by the sugar stock.

On occasion the Zimbabwe sugar operations entered into export sales at the financial year-end that were recognised as revenue that were also in substance a financing arrangement. Furthermore, the Zimbabwe sugar operations also discounted its sugar trade receivables with a financial institution and derecognised the trade receivable despite there being recourse back to the Group in the event the debtor defaulted.

Mozambique
The Group holds a 50% interest in a joint operation, Distribuidora Nacional de Açúcar Limitada (DNA) that acquires, distributes, markets and sells sugar on behalf of all the sugar millers in the Mozambique sugar industry. In terms of the shareholders agreement, the DNA acquires all sugar produced by the sugar miller as it is receipted into the warehouse and the Group recognises revenue for both local and export market sugar. However, for the export market the Group retains an obligation to repurchase this sugar and the revenue should only have been recognised when the sugar is shipped to the end customer.

South Africa
At the end of the sugar season, the South African Sugar Association (SASA) purchases all the South African sugar operations stock ("carry-over stock") designated for the local market at a notional local market price. There is no physical delivery of the sugar and in the new season, the South African sugar operations continue to sell the carry-over stock to its own customers at its own negotiated prices and refunds the notional local market price to SASA. Consequently, the arrangement is considered to be a financing arrangement in substance and the revenue has no longer been recognised.

The sugar millers with the South African sugar industry are allocated a pro-rata share of the local sugar market. Where a milling company sells sugar in excess of its local market entitlement it is required to pay SASA an amount related to this excess for redistribution to the other sugar miller who have underperformed with respect to their entitlement. Payments relating to these redistributions were recognised as cost of sales and receipts as revenue.

Such redistributions should have been recognised as adjustments to revenue as they relate to an adjustment of the selling price.

Furthermore, the deferral of the payment of the sugar industry levy to SASA in 31 March 2018 was accounted for income and not a liability.

1.1.2 Cane assets

a. Growing crops

A comparison of the agricultural and commercial assumptions used to determine the fair value of growing cane to the actual performance indicated that these valuations were consistently overly optimistic. The fair vale of growing cane has been redetermined using agricultural assumptions that are supported by historical performance adjusted for any quantifiable improvement initiatives as well as the estimates of pricing published by the respective sugar industries at or around the financial year-end.

b. Cane roots and replant

Cane roots are accounted for as bearer plants in accordance with IAS 16 *Property, plant and equipment*, using the cost model. It was identified that:

- Certain costs capitalised to cane roots were not directly attributable to getting the asset ready for its intended use;
- "Standard costs" determined for planting new areas of cane were used to account for the cost of replanting existing areas with no subsequent adjustment to these "standard costs". As a result, the costs capitalised to cane roots exceeds the actual cost of replanting;

1. RESTATEMENTS CONTINUED

1.1 CORRECTION OF PRIOR PERIOD ERRORS CONTINUED

1.1.2 Cane assets continued

- Inconsistent cut-off points were applied across the Group in determining when the cane roots were ready for their intended use. In certain cases, this resulted in general farming costs being capitalised to the cost of cane roots. As a result of these inconsistencies, management has used judgement to determine an appropriate, consistent cut-off point to be applied (i.e. when the furrow is covered).
- Costs were allocated to fallow land despite hectares not being verified; and
- Seed cane (grown internally) was inconsistently accounted for by including, in certain cases, an opportunity cost of not being harvested to produce sugar.

c. Share cropper arrangements (SCAs)
To facilitate the expansion of the sugarcane supplied to its South African sugar mills, the Group leases land from third parties, incurs the cost of establishing and planting cane roots on the land and enters into a share cropper arrangement with third party sugarcane farmers. In terms of the arrangement, the sugarcane farmers take control of the newly planted cane roots, apply good farming practice to cultivate the sugarcane at its own cost as well as replants the cane roots as and when required at its own cost. In return the sugarcane farmer and the lessor receive a percentage of the cane proceeds, usually 88% and 10% respectively. Despite the low economic participation (usually 2%), the Group historically accounted for the standing cane at the full fair value of the cane despite not having rights to the majority of the cane proceeds.

Furthermore, the Group recognised the cane roots replanted by the sugarcane farmer as its own as its own asset with a corresponding gain recorded in profit. The cane roots on the land revert to the lessor at the end of the lease. These cane supply arrangements are now accounted for as intangible assets at the depreciated historical cost of establishing the cane roots.

d. Government grants
In South Africa, the Group received a grant from the Jobs Fund to use to expand its area under cane. As a condition of the arrangement, the granting funding was to be spent in terms of a detailed project plan. The government grant was recognised in profit on the date of receipt and it has subsequently been determined that the grant should have been recognised as deferred income and release to the income statement over the same time period that the related cane roots established are expensed.

In addition, certain funds were held by the Group for the benefit of small-scale growers were classified as part of the Group's cash balances although the use thereof was not permissible.

1.1.3 Cost capitalisations

a. Sugar operations and corporate office
Maintenance and major plant overhaul costs
IAS 16 generally requires repairs and maintenance that maintain the economic benefits of the asset, to be expensed. The following were identified:

- maintenance costs capitalised to property, plant and equipment, did not meet the asset recognition criteria and included a substantial allocation of manpower costs;
- costs related to the replacement of assets were capitalised without derecognising the carrying amount of the replaced asset; and
- insignificant items were treated as separate depreciable assets instead of identifying significant components that would be treated separately for depreciation purposes.

After the milling season closed and the above-mentioned maintenance costs were capitalised, the remaining milling (and to a varying degree, certain agricultural) operating costs were recognised as a current asset to be expensed in the following season resulting in a deferral of operating costs. Despite being incurred during the off-crop season, these costs are part of the mill's normal operating capacity and do not qualify for capitalisation as an asset.

Land management fees
The Group farms land to serve the dual purpose of protection from land invasion and for the supply of additional cane while the land awaits future development. Costs incurred for this purpose were termed 'land management fees' and some of these costs were capitalised to the relevant landholdings. The remaining land management fee costs recognised in profit or loss were added back in headline earnings on the basis that it was capital in nature. In addition, a one-off property enhancement fee was charged by Tongaat Hulett Developments (THD) to Group Sugar (South Africa) in 2018. Although this fee was eliminated on consolidation, it was added back in the calculation of headline earnings.

Project costs
Over the years, the Group commenced 15 projects of which 11 were ongoing and four were completed. Costs were capitalised on the basis that they would result in future economic benefits to the Group, either as tangible assets IAS 16 *Property, plant and equipment* or intangible assets IAS 38 *Intangible Assets*. Costs capitalised included various finance, administrative, business development and strategic development costs (which included an allocation of manpower costs across the organisation) that were not necessarily directly attributable to the different projects.

The projects were reviewed by management to determine whether they met the asset recognition criteria. Where the asset recognition criteria was determined to be satisfied, management then considered whether the costs capitalised were directly attributable to the asset.

1. RESTATEMENTS CONTINUED

1.1 PRIOR PERIOD ERRORS CONTINUED

1.1.3 Cost capitalisation continued

a. Sugar operations and corporate office continued

Completed projects

The projects below constitute tangible and intangible assets from which future economic benefits were expected to flow for more than one year. A review of the nature of the costs capitalised revealed the following inconsistencies which were subsequently corrected:

- a substantial allocation of manpower costs that were not directly attributable to the project and hence, not eligible for capitalisation;
- costs related to administration and other general overheads had been capitalised; and
- for the SAP project, the useful life of the project was reassessed and corrected.

b. Land conversion and development operation

Planning costs

Various types of expenditure are incurred as part of the land conversion process to transform a piece of agricultural land to serviced land which will ultimately be sold to property developers. It was determined that certain internal and external planning costs incurred between the "land portfolio strategy" stage and the "baseline feasibility" stage were explorative in nature and hence, did not qualify for capitalisation.

Development infrastructure costs

As part of the land conversion process, THD incurs various infrastructure costs including external ("bulk") infrastructure costs which arise from certain planning approvals issued by the local authority. Bulk infrastructure are higher order services that include the provision of water, sewerage, electricity, storm water drainage and road access in a region and to the boundary of the township being proclaimed.

An inconsistent basis was applied for the recognition and allocation of infrastructure costs, including the extent to which these costs were allocated to future sites. Refer to the note on *Critical estimates and judgements* relating to the allocation of infrastructure costs to the sites sold in the various phases.

1.1.4 Asset recoverability

At each reporting date, an entity is required to assess whether there is any indication that an asset or a CGU, has been impaired i.e. to consider the ability of these assets to generate sufficient future economic benefits to recover their carrying amounts. In certain instances, impairments were not recognised.

a. Cash-generating units

Historically, the Group's CGUs had not been defined for the purposes of impairment testing. A number of impairment triggers relating to such CGUs were identified in respect of the periods prior to 31 March 2017.

Impairment tests were therefore carried out as at 31 March 2017 using the forecasts prepared at that date. The impairment tests were also carried out with reference to the restated balance sheet position. The results of the impairment test indicate that the assets of certain cash-generating units in South Africa, Mozambique and Zimbabwe were overstated, predominantly due to the agricultural operations. The impairments have been processed accordingly.

b. Occupied land

In 2005, the Zimbabwean Government expropriated land owned by Tongaat Hulett Zimbabwe (THZ), with no compensation. Upon expropriation, the land automatically became state-owned land. At this point, the land was neither derecognised as property, plant and equipment nor impaired as the Group continued to farm the land. Based on the events that occurred prior to 31 March 2017 THZ has fully impaired the expropriated land. In 2016, unrelated third parties occupied certain areas of the expropriated land (the "occupied land"). THZ appealed to the Supreme Court, who ruled in favour of the farmers in November 2017. Accordingly, the standing cane on the occupied land was derecognised during the year end 31 March 2018 as the benefits accrued to the farmers.

c. Investment in Mozambique

The Group provides funding to its Mozambique operations via inter-company loans and supplementary equity. It was identified that certain amounts recognised as supplemental equity were inter-company loans resulting in an adjustment to the Foreign Currency Translation Reserve.

1.1.5 Reclassifications and other items

a. Reclassification of debt as current

A recalculation of the following financial covenants, based on the restated results, revealed that the Group was in technical breach of these covenants:

- Debt to equity
- Debt to EBITDA
- Interest cover

Consequently, all borrowings are immediately repayable and have been appropriately classified as current liabilities.

1. RESTATEMENTS CONTINUED

1.1 PRIOR PERIOD ERRORS CONTINUED

1.1.5 Reclassifications and other items continued

b. Share-based payments

The Group's share incentive schemes had unvested grants where vesting was dependent on non-market conditions based on financial results. Due to the restatement of the financial information, and with effect from 31 March 2017, management has assessed that all unvested grants are no longer likely to vest. Accordingly, management has restated prior period financial statements to reflect the reversal of the IFRS 2 expense in respect of these grants.

1.1.6 Effect of taxation and non-controlling interest

a. Taxation

A detailed analysis has been performed on the taxation impact of the prior period errors, engaging the expertise of tax professionals where appropriate. While some complexities arise in respect of the tax treatment, to mitigate any uncertainty in estimated tax treatment, the Group has not recognised any deferred tax assets on any tax losses that have arisen following the restatement of the financial statements. The taxation and non-controlling interest impact of all the prior period errors has been aggregated.

1.2 ADOPTION OF NEW ACCOUNTING STANDARDS

The Group adopted IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial instruments* from 1 April 2018. A number of other standards are also effective from 1 April 2018 but they do not have a material effect on the Group's financial statements.

IFRS 15 *Revenue from contracts with customers*

IFRS 15 replaces all existing IFRS revenue requirements and establishes a single, principles-based model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised as the Group satisfies performance obligations and transfers control of goods or services to its customers, compared with the previous accounting standard that recognised revenue based on an assessment of the risks and rewards of ownership. The measurement of revenue is determined based on the amount to which the Group expects to be entitled to in the exchange for the goods or services and is allocated to each specific performance obligation in the contract. Depending on whether certain criteria are met, revenue is recognised either over time or at a point in time, as and when the performance obligations are met, and control of the goods or services is transferred to the customer.

After restating the prior period financial information, the transition to IFRS 15 did not have a quantitative impact on the consolidated financial statements. However, the disclosure has been enhanced to align with the IFRS 15 requirements.

IFRS 9 *Financial instruments*

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* and sets out the new requirements for the classification and measurement of financial instruments, introduces an expected credit loss model for the measurement of impairment losses and establishes a closer alignment between hedge accounting and risk management practices. Comparative information has been restated in accordance with the transitional requirements of IFRS 9 and the required disclosure has been made concerning the reclassifications and measurements as set out below.

The adoption of the requirements of IFRS 9 was applied with full retrospective application and has had the following effect on the Group:

Classification and measurement

On the date of initial application, 1 April 2017, the Group assessed the business model applicable to each financial asset and accordingly classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Group					
	Measurement category		Carrying amount (R million)		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
Financial assets					
Trade and other receivables	Loans and receivables	Measured at amortised cost	1 528	1 528	–
Cash and cash equivalents	Loans and receivables	Measured at amortised cost	962	962	–
Other non-current financial assets	Loans and receivables	Measured at amortised cost	197	197	–
Derivative financial instruments	Fair value through profit or loss (FVPL)	Fair value through profit or loss (FVPL)	12	12	–
Financial liabilities					
Trade and other payables	Measured at amortised cost	Measured at amortised cost	3 553	3 553	–
Borrowings	Measured at amortised cost	Measured at amortised cost	11 438	11 438	–
Derivative financial instruments	Fair value through profit or loss (FVPL)	Fair value through profit or loss (FVPL)	12	12	–

1. RESTATEMENTS CONTINUED

1.2 ADOPTION OF NEW ACCOUNTING STANDARDS CONTINUED

***IFRS 9 Financial instruments** continued*

Company					
	Measurement category		Carrying amount (R million)		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
Financial assets					
Amounts owing by Group companies	Loans and receivables	Measured at amortised cost	187	187	–
Trade and other receivables	Loans and receivables	Measured at amortised cost	774	774	–
Cash and cash equivalents	Loans and receivables	Measured at amortised cost	20	20	–
Other non-current financial assets	Loans and receivables	Measured at amortised cost	30	30	–
Derivative financial instruments	Fair value through profit or loss (FVPL)	Fair value through profit or loss (FVPL)	12	12	–
Financial liabilities					
Amounts owing to Group companies	Loans and receivables	Measured at amortised cost	1 366	1 366	–
Trade and other payables	Measured at amortised cost	Measured at amortised cost	1 385	1 385	–
Borrowings	Measured at amortised cost	Measured at amortised cost	9 888	9 888	–

The financial assets have been reclassified from loans and receivables to amortised cost. However, the measurement principles remain the same as they have been measured at amortised cost using the effective interest rate method. The Group's business model is to hold these for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest of the principal amount. The reclassification into the new measurement categories did not have a significant impact on the Group.

Impairment of financial assets
IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost.

The Group has adopted the simplified expected credit loss model for its trade receivables which uses a lifetime expected loss allowance, as required by IFRS 9.

The general expected credit loss model is used for other receivables and loans to companies outside of the Group, held at amortised cost.

As the Group's trade debtors in the Sugar and Starch operations are short term in nature (namely, terms of 14 days in the South African Sugar operations and 30 days in the Starch operation), the impact of IFRS 9 is insignificant. In the Developments operation, sales are recognised on registration of transfer of the property at which time the full purchase consideration is recovered. However, in certain instances where properties have been transferred and the purchase consideration remains outstanding, the financial assets are mainly secured by the value of the serviced land as reflected in the transaction price. For the purposes of the impairment calculation, the value of the serviced land is determined with reference to its "forced sale value".

Impairment of financial assets
Upon adoption of IFRS 9, on 1 April 2017, the Group recognised additional impairment of R27 million, predominantly relating to the ECL on trade and other receivables in the Zimbabwean sugar operation.

Hedge accounting requirements
Hedge accounting is applied in the Sugar operations to account for foreign exchange contracts and in the Starch operations to account for foreign exchange contracts and maize futures. The Group has elected to adopt the transitional provisions of IFRS 9 which allow an entity to continue with the hedge accounting requirements of IAS 39 rather than adopting the new IFRS 9 requirements.

The adoption of IFRS 9 has had no material impact on the Group's earnings.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2019

1. RESTATEMENTS CONTINUED

IMPACT OF THE RESTATEMENTS ON THE STATEMENT OF FINANCIAL POSITION AS AT 1 APRIL 2017

	Group								
	31 March 2017	Prior period errors						Change in policy	31 March 2017
R million	**Previously reported**	**Note 1.1.1**	**Note 1.1.2**	**Note 1.1.3**	**Note 1.1.4**	**Note 1.1.5**	**Other**	**Note 1.2**	**Restated**
ASSETS									
Non-current assets									
Property, plant and equipment	**13 688**	–	(1 606)	(1 766)	(4 011)	(37)	(29)	–	**6 239**
Goodwill	**382**	–	–	–	(331)	–	–	–	**51**
Other intangible assets	**366**	–	82	(60)	(25)	–	–	–	**363**
Deferred tax asset	**–**	–	–	–	–	–	276	–	**276**
Other non-current assets	**647**	–	–	14	–	–	246	–	**907**
Total non-current assets	**15 083**	–	(1 524)	(1 812)	(4 367)	(37)	493	–	**7 836**
Current assets									
Inventories	**2 949**	1 764	–	(210)	–	–	367	–	**4 870**
Biological assets	**2 549**	–	(792)	–	–	–	45	–	**1 802**
Trade and other receivables	**4 070**	(1 794)	–	(54)	(46)	–	(250)	(27)	**1 899**
Major plant overhaul costs	**562**	–	–	(562)	–	–		–	**–**
Cash and cash equivalents	**2 741**	–	–	–	–	–	47	–	**2 788**
Total current assets	**12 871**	(30)	(792)	(826)	(46)	–	209	(27)	**11 359**
Total assets	**27 954**	(30)	(2 316)	(2 638)	(4 413)	(37)	702	(27)	**19 195**
EQUITY AND LIABILITIES									
Capital and reserves									
Shareholders' interest	**10 781**	(2 598)	(2 316)	(3 151)	(4 413)	(37)	2 949	(27)	**1 188**
Non-controlling interests	**1 957**	–	–	–	–	–	(978)	–	**979**
Total equity	**12 738**	(2 598)	(2 316)	(3 151)	(4 413)	(37)	1 971	(27)	**2 167**
Non-current liabilities									
Borrowings	**4 975**	–	–	–	–	–	(4 975)	–	
Deferred tax liabilities	**2 537**	–	–	–	–	–	(1 497)	–	**1 040**
Post-retirement benefit obligations	**784**	–	–	–	–	–	(61)	–	**723**
Other non-current liabilities	**–**	61	84	967	–	–	–	–	**1 112**
Total non-current liabilities	**8 296**	61	84	967	–	–	(6 533)	–	**2 875**
Current liabilities									
Borrowings	**2 546**	2 357	–	–	–	–	5 052	–	**9 955**
Trade and other payables	**3 589**	150	(84)	(454)	–	–	127	–	**3 328**
Non-recourse equity-settled BEE borrowings	**623**	–	–	–	–	–	–	–	**623**
Derivative financial instruments	**9**	–	–	–	–	–	–	–	**9**
Current tax liabilities	**153**	–	–	–	–	–	85	–	**238**
Total current liabilities	**6 920**	2 507	(84)	(454)	–	–	5 264	–	**14 153**
Total equity and liabilities	**27 954**	(30)	(2 316)	(2 638)	(4 413)	(37)	702	(27)	**19 195**

1. RESTATEMENTS CONTINUED

IMPACT OF THE RESTATEMENTS ON THE STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Group								
		Prior period errors						Change in policy	
R million	31 March 2018 Previously reported	Note 1.1.1	Note 1.1.2	Note 1.1.3	Note 1.1.4	Note 1.1.5	Other	Note 1.2	31 March 2018 Restated
ASSETS									
Non-current assets									
Property, plant and equipment	**13 922**	6	(1 823)	(2 168)	(3 656)	–	36	–	**6 317**
Goodwill	**346**	–			(296)	–	–	–	**50**
Other intangible assets	**447**	–	109	(78)	(20)	–	–	–	**458**
Investment in associate and joint venture	**–**	–	–	–	–	–	12	–	**12**
Deferred tax asset	**–**	–	–	–	–	–	322	–	**322**
Other non-current financial assets	**706**	–	–	14	–	–	214	–	**934**
Total non-current assets	**15 421**	6	(1 714)	(2 232)	(3 972)	–	584	–	**8 093**
Current assets									
Inventories	**3 072**	1 926	–	(338)	–	–	(128)	–	**4 532**
Biological assets	**2 755**	–	(1 236)	–	5	–	80	–	**1 604**
Trade and other receivables	**4 549**	(2 448)	(3)	(59)	(67)	(47)	(151)	(61)	**1 713**
Major plant overhaul costs	**627**	–	–	(627)	–	–	–	–	**–**
Derivative financial instruments	**7**	–	–	–	–	–	–	–	**7**
Current tax assets	**22**	–	–	–	–	(8)	–	–	**14**
Cash and cash equivalents	**2 662**	–	–	–	–	–	61	–	**2 723**
Total current assets	**13 694**	(522)	(1 239)	(1 024)	(62)	(55)	(138)	(61)	**10 593**
Total assets	**29 115**	(516)	(2 953)	(3 256)	(4 034)	(55)	446	(61)	**18 686**
EQUITY AND LIABILITIES									
Capital and reserves									
Shareholders' interest	**10 171**	(2 717)	(3 060)	(3 757)	(4 034)	(55)	2 654	(61)	**(859)**
Non-controlling interests	**1 838**	–	–	–	–	–	(917)	–	**921**
Total equity	**12 009**	(2 717)	(3 060)	(3 757)	(4 034)	(55)	1 737	(61)	**62**
Non-current liabilities									
Borrowings	**5 048**	–	–	–	–	–	(5 048)	–	**–**
Deferred tax liabilities	**2 376**	–	–	–	–	–	(1 441)	–	**935**
Post-retirement benefit obligations	**791**	–	–	–	–	–	(63)	–	**728**
Provisions	**–**	–	–	970	–	–	–	–	**970**
Other non-current liabilities	**–**	54	107	–	–	–	–	–	**161**
Total non-current liabilities	**8 215**	54	107	970	–	–	(6 552)	–	**2 794**
Current liabilities									
Borrowings	**4 077**	2 077	–	–	–	–	5 149	–	**11 303**
Trade and other payables	**4 157**	70	–	(469)	–	–	(200)	–	**3 558**
Non-recourse equity-settled BEE borrowings	**603**	–	–	–	–	–		–	**603**
Provisions	**–**	–	–	–	–	–	130	–	**130**
Post-retirement benefit obligations	**–**	–	–	–	–	–	63	–	**63**
Other current liabilities	**–**	–	–	–	–	–	76	–	**76**
Derivative financial instruments	**8**	–	–	–	–	–		–	**8**
Current tax liabilities	**46**	–	–	–	–	–	43	–	**89**
Total current liabilities	**8 891**	2 147	–	(469)	–	–	5 261	–	**15 830**
Total equity and liabilities	**29 115**	(516)	(2 953)	(3 256)	(4 034)	(55)	446	(61)	**18 686**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2019

1. RESTATEMENTS CONTINUED

IMPACT OF THE RESTATEMENTS ON THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Group								
	31 March 2017	Prior period errors						Change in policy	31 March 2018
R million	Previously reported	Note 1.1.1	Note 1.1.2	Note 1.1.3	Note 1.1.4	Note 1.1.5	Other	Note 1.2	Restated
Revenue	**16 982**	(767)	–	–	–	–	1 290	–	**17 505**
Profit from operations	**1 956**	(390)	(594)	(543)	(263)	10	(34)	–	**142**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2019

1. RESTATEMENTS CONTINUED

IMPACT OF THE RESTATEMENTS ON THE STATEMENT OF FINANCIAL POSITION AS AT 1 APRIL 2017

	Company								
		Prior period errors							
R million	31 March 2017 Previously reported	Note 1.1.1	Note 1.1.2	Note 1.1.3	Note 1.1.4	Note 1.1.5	Tax effects	Other	31 March 2017 Restated
ASSETS									
Non-current assets									
Property, plant and equipment	**4 856**	4	(853)	(982)	(487)	9	–	1	**2 548**
Other intangible assets	**325**	–	82	(54)	(25)	–	–	1	**329**
Investments in subsidiaries and joint operations	**5 563**	–	–	–	(3 010)	(734)	–	(508)	**1 311**
Other non-current financial assets	**619**	–	–	–	–	24	–	70	**713**
Total non-current assets	**11 363**	4	(771)	(1 036)	(3 522)	(701)	–	(436)	**4 901**
Current assets									
Inventories	**853**	750	–	(2)	–	(13)	–	(1)	**1 587**
Biological assets	**707**	–	(454)	–	–	–	–	–	**253**
Trade and other receivables	**913**	63	–	(34)	(8)	(27)	–	(70)	**837**
Major plant overhaul costs	**262**	–	–	(262)	–	–	–	–	**–**
Cash and cash equivalents	**58**	–	–	–	–	–	–	(29)	**29**
Amounts owing by Group companies	**–**	–	–	–	–	(132)	–	490	**358**
Total current assets	**2 793**	813	(454)	(298)	(8)	(172)	–	390	**3 064**
Total assets	**14 156**	817	(1 225)	(1 334)	(3 530)	(873)	–	(46)	**7 965**
EQUITY AND LIABILITIES									
Capital and reserves									
Shareholders' interest	**3 392**	(470)	(1 321)	(1 469)	(3 530)	(740)	375	(492)	**(4 255)**
Total equity	**3 392**	(470)	(1 321)	(1 469)	(3 530)	(740)	375	(492)	**(4 255)**
Non-current liabilities									
Borrowings	**4 861**	–	–	–	–	–		(4 861)	**–**
Deferred tax liabilities	**375**	–	–	–	–	–	(375)	–	**–**
Amounts owing to Group companies	**–**	–	–	–	–	–	–	–	**–**
Post-retirement benefit obligations	**561**	–	–	–	–	–	–	(43)	**518**
Provisions	**–**	–	–	–	–	–	–	8	**8**
Government grants	**–**	–	96	–	–	–	–	(12)	**84**
Total non-current liabilities	**5 797**	–	96	–	–	–	(375)	(4 908)	**610**
Current liabilities									
Borrowings	**2 575**	1 504	–	–	–	(103)	–	4 964	**8 940**
Trade and other payables	**2 383**	(657)	–	–	–	(46)	–	(423)	**1 257**
Government grants	**–**	–	–	–	–	–	–	12	**12**
Post-retirement benefit obligations	**–**	–	–	–	–	–	–	43	**43**
Derivative financial instruments	**9**	–	–	–	–	–	–	0	**9**
Current tax liabilities	**–**	–	–	–	–	–	–	0	**–**
Amounts owing to Group companies	**–**	440	–	135	–	16	–	758	**1 349**
Total current liabilities	**4 967**	1 287	–	135	–	(133)	–	5 354	**11 610**
Total equity and liabilities	**14 156**	817	(1 225)	(1 334)	(3 530)	(873)	–	(46)	**7 965**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2019

1. RESTATEMENTS CONTINUED

IMPACT OF THE RESTATEMENTS ON THE STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Company								
	31 March 2017	Prior period errors							31 March 2018
R million	**Previously reported**	**Note 1.1.1**	**Note 1.1.2**	**Note 1.1.3**	**Note 1.1.4**	**Note 1.1.5**	**Tax effects**	**Other**	**Restated**
ASSETS									
Non-current assets									
Property, plant and equipment	**5 365**	5	(974)	(1 295)	(490)	9	–	–	**2 620**
Other intangible assets	**274**	–	109	(61)	(20)		–	–	**302**
Investments in subsidiaries and joint operation	**5 548**	–	–	–	(3 426)	(734)	–	(34)	**1 354**
Amounts owing by Group companies	**564**	–	–	–	–	91	–	(698)	**(43)**
Other non-current financial assets	**681**	–	–	–	–	21	–	70	**772**
Total non-current assets	**12 432**	5	(865)	(1 356)	(3 936)	(613)	–	(662)	**5 005**
Current assets									
Inventories	**846**	579		(3)	–	6	–	1	**1 429**
Biological assets	**764**	–	(576)	–	–	–	–	–	**188**
Trade and other receivables	**930**	22	(2)	(28)	(14)	(17)	–	(70)	**821**
Major plant overhaul costs	**267**	–	–	(267)	–	–	–	–	**–**
Derivative financial instruments	**7**	–	–	–	–	–	–	–	**7**
Amounts owing by Group companies	**–**	–	–	–	–	–	–	659	**659**
Cash and cash equivalents	**64**	–	–	–	–	(296)	–	311	**79**
Total current assets	**2 878**	601	(578)	(298)	(14)	(307)	–	901	**3 183**
Total assets	**15 310**	606	(1 443)	(1 654)	(3 950)	(920)	–	239	**8 188**
EQUITY AND LIABILITIES									
Capital and reserves									
Shareholders' interest	**3 252**	(366)	(1 574)	(1 810)	(4 022)	(631)	229	(116)	**(5 038)**
Non-controlling interests	**–**	–	–	–	–	–	–	–	**–**
Total equity	**3 252**	(366)	(1 574)	(1 810)	(4 022)	(631)	229	(116)	**(5 038)**
Non-current liabilities									
Borrowings	**4 993**	–	–	–	–	–	–	(4 993)	**–**
Deferred tax liabilities	**229**	–	–	–	–	–	(229)	–	**–**
Amounts owing to Group companies	**–**	–	4	–	(5)	–	–	1	**–**
Post-retirement benefit obligations	**577**	–	–	–	–	–	–	(46)	**531**
Provisions	**–**	–	–	–	–	–	–	115	**115**
Government grants	**–**	–	127	–	–	–	–	(127)	**–**
Total non-current liabilities	**5 799**	–	131	–	(5)	–	(229)	(5 050)	**646**
Current liabilities									
Borrowings	**4 010**	1 269	–	–	–	(256)	–	5 304	**10 327**
Trade and other payables	**2 241**	(646)	–	–	–	(33)	–	(65)	**1 497**
Contract liabilities	**–**	–	–	–	–	–	–	–	**–**
Provisions	**–**	–	–	–	–	–	–	–	**–**
Post-retirement benefit obligations	**–**	–	–	–	–	–	–	46	**46**
Amounts owing to Group companies	**–**	349	–	156	77	–	–	120	**702**
Derivative financial instruments	**8**	–	–	–	–	–	–	–	**8**
Current tax liabilities	**–**	–	–	–	–	–	–	–	**–**
Liabilities classified as held for sale	**6 259**	972	–	156	77	(289)	–	5 405	**12 580**
Total current liabilities	**6 259**	972	–	156	77	(289)	–	5 405	**12 580**
Total equity and liabilities	**15 310**	606	(1 443)	(1 654)	(3 950)	(920)	–	239	**8 188**

1. RESTATEMENTS CONTINUED

IMPACT OF THE RESTATEMENTS ON THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Company							
	31 March 2018	Prior period errors						31 March 2018
R million	Previously reported	Note 1.1.1	Note 1.1.2	Note 1.1.3	Note 1.1.4	Note 1.1.5	Tax effects	Other	Restated
Revenue	**8 992**	(230)	–	–	–	–	–	584	**9 346**
Operating (loss)/profit before material items and re-measurements	**1 172**	(38)	(254)	(356)	(1)	(25)	–	199	**697**

2. SEGMENTAL REPORTING

Overview

The Group's operating segments are identified on the basis of the internal reporting structure used by the chief operating decision-makers (CODMs) to make key decisions, allocate resources and to assess performance. The CODMs are the Group's Executive Committee. The Group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products that they market or manufacture.

The following reportable segments have been identified:

SUGAR	**Growing and processing of sugar cane to produce raw and refined sugar for sale to local and export markets. Downstream activities include the manufacture of animal feeds.**
STARCH	**Manufacturer of starch and glucose products in South Africa, supplying some of the largest local and multinational customers operating in key food and industrial sectors.**
PROPERTY	**Conversion, development and sale of agricultural land to third party customers for onward development for a range of urban uses across multiple market sectors.**
CORPORATE	**Comprises the Group's headquarters that provides management oversight, governance, technical support and treasury services.**

The Group evaluates the performance of its reportable segments and allocates resources to segments based on revenue, operating performance and capital employed. The following is an analysis of the Group's segmental performance:

Business segments

2019

	Sugar operations									
R million	**Zimbabwe**	**Mozambique**	**South Africa**	**Other SADC[1]**	**Total Sugar**	**Starch**	**Property**	**Corporate**	**Inter-segment/ unallocated**	**Total**
Segment revenue	4 469	1 362	5 679	1 320	12 830	4 008	940	–	(709)	17 069
External customers	4 362	1 362	5 077	1 320	12 121	4 008	940	–	–	17 069
Inter-segment transactions	107	–	602	–	709	–	–	–	(709)	–
Operating earnings[3]	1 201	(471)	(482)	98	346	656	273	(68)	–	1 207
Depreciation and amortisation	228	96	186	16	526	121	6	–	–	653
EBITDA[2]	1 429	(375)	(296)	114	872	777	279	(68)	–	1 860
Non-trading items – loss/(profit)	(247)	219	21	–	(7)	–	–	–	–	(7)
Fair value adjustments to biological assets	(536)	120	(46)	(8)	(470)	–	–	–	–	(470)
ADJUSTED EBITDA[3]	646	(36)	(321)	106	395	777	279	(68)	–	1 383
Segment assets[4]	3 132	2 692	3 076	340	9 240	1 901	1 740	17	–	12 898
Capital expenditure[5]	201	632	237	12	1 082	44	–	–	–	1 126
Expansion	–	496	112	–	608	–	–	–	–	608
Replacement and core	201	127	97	12	437	44	–	–	–	481
Intangibles	–	9	28	–	37	–	–	–	–	37

2. SEGMENTAL REPORTING CONTINUED

Business segments continued

2018

	Sugar operations									
R million	**Zimbabwe**	**Mozambique**	**South Africa**	**Other SADC[1]**	**Total Sugar**	**Starch**	**Property**	**Corporate**	**Inter-segment/ unallocated**	**Total**
Segment revenue	4 489	2 416	5 516	1 268	13 689	3 913	487	–	(584)	17 505
External customers	4 403	2 416	5 018	1 268	13 105	3 913	487	–	–	17 505
Inter-segment transactions	86	–	498	–	584	–	–	–	(584)	–
Operating earnings	425	(306)	(610)	54	(437)	568	135	(124)	–	142
Depreciation and amortisation	206	81	168	23	478	106	1	–	–	585
EBITDA[2]	631	(225)	(442)	77	41	674	136	(124)	–	727
Non-trading items – loss/(profit)	98	209	47	–	354	–	–	–	–	354
Fair value adjustments to biological assets	(207)	82	65	15	(45)		–	–	–	(45)
Adjusted EBITDA[3]	522	66	(330)	92	350	674	136	(124)	–	1 036
Segment assets[4]	4 964	2 165	3 197	412	10 738	2 201	1 715	20	–	14 674
Capital expenditure[5]	353	462	409	18	1 242	154	4	–	–	1 400
Expansion	4	250	165	12	431	1	–	–	–	432
Replacement and core	345	201	181	6	733	86	4	–	–	823
Intangibles	4	11	63	–	78	67	–	–	–	145

Notes:

1 *Other SADC operations include a sugar cane estate in eSwatini and distribution operations in Botswana and Namibia.*

2 *EBITDA represented profit from operations adjusted to exclude depreciation and amortisation.*

3 *ADJUSTED EBITDA is defined as EBITDA adjusted to exclude any impairment (or reversal thereof), any non-trading items as well as any fair value adjustments related to biological assets.*

4 *Segment assets represent total assets, adjusted for deferred tax, long-term receivables, investments, current tax assets and derivatives financial instruments. Goodwill has been allocated to reportable segments as described in note 4.*

5 *Capital expenditure comprises additions of property, plant and equipment (including cane roots) as well as intangible assets.*

Segment profit represents the profit earned by each segment without allocation of central administration costs, finance costs/income, and income tax expense. Taxation and finance costs are not allocated to segments as these are specialised functions that are managed centrally. Sales between segments are recorded at prices that approximate market prices. Inter-segment transactions are eliminated on consolidation.

The Group's revenues from its major products and services are disclosed in note 21 *Revenue*.

2. SEGMENTAL REPORTING CONTINUED

Reconciliation of assets

R million	Group 2019	Group 2018
Segment assets	**12 898**	14 674
Add: Inter-segment eliminations and unallocated items	**2 134**	4 011
Deferred tax assets	**123**	322
Non-current financial assets	**966**	946
Current tax assets	**72**	14
Derivative instruments	**12**	7
Cash	**961**	2 722
Inter-segment eliminations	**–**	–
	15 032	18 685

Geographical segments

R million	Group South Africa	Mozambique	Zimbabwe	Rest of Africa	Other	Total
2019						
Revenue	**8 371**	**1 964**	**3 620**	**1 277**	**1 837**	**17 069**
2018						
Revenue	**7 833**	**1 667**	**3 989**	**2 428**	**1 588**	**17 505**

The revenue information above is based on the locations of the customers.

Further information

The relevant segment information line items have been restated for the prior period errors. Further information relating to these restatements are set out in note 1.

3. PROPERTY, PLANT AND EQUIPMENT

	Group									
R million	**Land and buildings**	**Cane roots**	**Plant and machinery**	**Vehicles**	**Irrigation infra-structure and equipment**	**Office equipment**	**Capitalised leases**	**Capital work-in-progress**	**Other fixed assets**	**Total**
2019										
Balance at 1 April (restated)	**1 188**	**654**	**3 123**	**237**	**598**	**68**	**2**	**428**	**19**	**6 317**
Current year movements:										
Additions	**43**	**344**	**326**	**37**	**13**	**14**	**1**	**309**	**3**	**1 090**
Replacement and core	**10**	**15**	**132**	**18**	**2**	**9**	**–**	**295**	**–**	**481**
Expansion	**33**	**329**	**194**	**19**	**11**	**5**	**1**	**14**	**3**	**609**
Borrowing costs capitalised	**–**	**–**	**4**	**–**	**–**	**–**	**–**	**(4)**	**–**	**–**
Disposals and scrapping	**–**	**(65)**	**(8)**	**(12)**	**–**	**(1)**	**–**	**(19)**	**–**	**(105)**
Assets classified as held for sale	**(1)**	**–**	**(3)**	**(1)**	**–**	**(1)**	**–**	**–**	**–**	**(6)**
Net reclassification from (to)/other assets	**–**	**–**	**(2)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**
Current year depreciation charge	**(43)**	**(183)**	**(298)**	**(35)**	**(18)**	**(19)**	**–**	**–**	**–**	**(596)**
Transfers – capital work in progress	**21**	**–**	**59**	**2**	**67**	**14**	**–**	**(163)**	**–**	**–**
Reversal of impairments/(impairments)	**(4)**	**(80)**	**61**	**21**	**12**	**2**	**–**	**63**	**–**	**75**
Translation of foreign operations	**(370)**	**(285)**	**(100)**	**(90)**	**(195)**	**(7)**	**–**	**(7)**	**(10)**	**(1 064)**
Net carrying amount at end of year	**834**	**385**	**3 162**	**159**	**477**	**70**	**3**	**607**	**12**	**5 709**
Made up as follows:										
Net carrying amount:										
Cost	**1 816**	**2 123**	**6 596**	**704**	**1 400**	**312**	**7**	**625**	**27**	**13 610**
Accumulated depreciation and impairment	**981**	**1 738**	**3 433**	**547**	**923**	**242**	**4**	**18**	**15**	**7 901**
	835	**385**	**3 163**	**157**	**477**	**70**	**3**	**607**	**12**	**5 709**

3. **PROPERTY, PLANT AND EQUIPMENT** CONTINUED

	Company									
	Land and buildings	Cane roots	Plant and machinery	Vehicles	Irrigation infra-structure and equipment	Office equipment	Capitalised leases	Capital work-in-progress	Other fixed assets	Total
2019										
Balance at 1 April (restated)	465	41	1 825	27	27	41	–	185	9	2 620
Current year movements:										
Additions	11	44	265	4	3	4	1	(79)	1	254
New expansion capital	1	15	118	1	–	3	–	(76)	–	62
Ongoing	10	29	147	3	3	1	1	(3)	1	192
Borrowing costs capitalised	–	–	4	–	–	–	–	(4)	–	–
Disposals and scrapping	–	(7)	(8)	(2)	–	–	–	(3)	(3)	(23)
Disposal of business	–	–	–	–	–	–	–	–	–	–
Net reclassification from (to)/other assets	–	–	–	–	–	–	–	–	–	–
Transfer of assets held for sale	–	–	–	–	–	–	–	–	–	–
Current year depreciation charge	(10)	(28)	(206)	(6)	(2)	(13)	–	–	–	(265)
Transfers – capital work in progress	1		51	1		14	–	(67)	–	–
Impairments and write downs (net)	(1)	(8)	–	–	(1)	–	–	–	–	(10)
Translation of foreign operations	–	–	–	–	–	–	–	–	–	–
Net carrying amount at end of year	466	42	1 931	24	27	46	1	32	7	2 576
Made up as follows:										
Net carrying amount:										
Cost	746	640	4 378	149	114	228	7	33	10	6 305
Accumulated depreciation and impairment	280	598	2 447	125	87	182	6	1	3	3 729
	466	42	1 931	24	27	46	1	32	7	2 576

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Group									
R million	**Land and buildings**	**Cane roots**	**Plant and machinery**	**Vehicles**	**Irrigation infra-structure and equipment**	**Office equipment**	**Capitalised leases**	**Capital work-in-progress**	**Other fixed assets**	**Total**
2018										
Balance at 1 April as previously reported	3 569	2 617	4 703	467	1 488	67	(8)	710	74	13 687
Prior period errors	(2 304)	(2 023)	(1 513)	(231)	(830)	(18)	10	(499)	(40)	(7 448)
Restated balance at beginning of the year	1 265	594	3 190	236	658	49	2	211	34	6 239
Current year movements:										
Additions	42	460	193	60	20	17	1	458	4	1 255
New expansion capital	11	51	48	12	5	9	–	296	–	432
Ongoing	31	409	145	48	15	8	1	162	4	823
Borrowing costs capitalised	–	–	–	–	–	–	–	5	–	5
Disposals and scrapping	(3)	(27)	(3)	(2)	–	(4)	–	–	–	(39)
Transfer of assets held for sale	–	–	–	–	–	–	–	–	–	–
Net reclassification from/(to) other assets	11	–	–	–	–	–	–	–	–	11
Inter-company transfers	37		49	7	1	2	–	(77)	(19)	–
Current year depreciation charge	(53)	(141)	(252)	(24)	(47)	(22)	(1)	(9)	–	(549)
Transfers – capital work in progress	–	–	41	–	–	32	–	(73)	–	–
Impairments and write downs (net)	(18)	(170)	(11)	(19)	18	(5)	–	(54)	–	(259)
Translation of foreign operations	(93)	(62)	(84)	(21)	(52)	(1)	–	(33)	–	(346)
Net carrying amount at end of year	1 188	654	3 123	237	598	68	2	428	19	6 317
Made up as follows:										
Net carrying amount:										
Cost	2 535	2 493	6 769	1 006	1 577	310	8	504	31	15 233
Accumulated depreciation and impairment	1 347	1 839	3 646	769	979	242	6	76	12	8 916
	1 188	654	3 123	237	598	68	2	428	19	6 317

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Company									
R million	Land and buildings	Cane roots	Plant and machinery	Vehicles	Irrigation infra-structure and equipment	Office equipment	Capitalised leases	Capital work-in-progress	Other fixed assets	Total
2018										
Balance at 1 April as previously reported	502	1 259	2 316	59	89	36	2	593	–	4 856
Prior period errors	(28)	(1 219)	(525)	(32)	(62)	(6)	(2)	(443)	9	(2 308)
Restated balance at beginning of the year	474	40	1 791	27	27	30	–	150	9	2 548
Current year movements:										
Additions	4	102	176	10	3	4	1	132	–	432
New expansion capital	–	47	47	–	2	3	–	67	–	166
Ongoing	4	55	129	10	1	1	1	65	–	266
Borrowing costs capitalised	–	–	–	–	–	–	–	5	–	5
Disposals and scrapping	(3)	(27)	(4)	–	–	–	–	–	–	(34)
Transfer of assets held for sale	–	–	–	–	–	–	–	–	–	–
Net reclassification from (to)/other assets	–	–	–	–	–	–	–	–	–	–
Inter-company transfers	–	–	–	–	–	(9)	–	(28)	–	(37)
Current year depreciation charge	(9)	(30)	(178)	(8)	(2)	(16)	(1)	–	–	(244)
Transfers – capital work in progress	–	–	41	–	–	32	–	(73)	–	–
Impairments and write downs (net)	(1)	(44)	(1)	(2)	(1)	–	–	(1)	–	(50)
Translation of foreign operations	–	–	–	–	–	–	–	–	–	–
Net carrying amount at end of year	465	41	1 825	27	27	41	–	185	9	2 620
Made up as follows:										
Net carrying amount:										
Cost	735	628	4 137	153	112	215	6	188	9	6 183
Accumulated depreciation and impairment	270	587	2 312	126	85	174	6	3	–	3 563
	465	41	1 825	27	27	41	–	185	9	2 620

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Further information

Land

South Africa

The Group farms 37 923 hectares of cane land of which 8 359 hectares is freehold whilst 29 564 hectares is leased in.

In South Africa, the land is farmed for a dual purpose, namely to support the cane supply to the mills while the land awaits potential future development and sale to third parties.

Zimbabwe

In previous years the Group accounted for agricultural land on the statement of financial position despite it being expropriated by the Zimbabwean Government. This was recognised on the basis that future economic benefits continued to flow to the Group.

This land has since been fully impaired and further details are available in note 1.1 *Correction of prior period errors*. In February 2019, in order to secure its assets and provide certainty of tenure, the Group applied for a 99 year lease on the designated agricultural land under their use. This is yet to be finalised.

Cane roots

	Group	
Area under roots at 31 March (hectares)	**2019**	**2018**
South Africa	**29 588**	29 931
Zimbabwe	**25 002**	28 348
Mozambique	**19 455**	22 557
Swaziland	**3 837**	3 837

Encumbrance

Mozambique

Land, buildings, plant and machinery of Mozambique subsidiaries with a book value of R1,6 billion (2018: R438 million) are encumbered as security for the long-term borrowings and certain short-term borrowings totalling R635 million (2018: R148 million).

Register of land and buildings

Details of the land and buildings are recorded in a register that is available for inspection at the registered office of the company.

Impairment and reversal of impairment

The Group's non-financial assets (including cane roots), other than biological assets, inventories and deferred tax assets, are assessed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment tests of goodwill are undertaken annually.

Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows' independently, the recoverable amount is determined for the larger cash generating unit to which it belongs.

For purposes of impairment testing the Group recognised impairments in respect of the following cash-generating units, which were determined based on business operation and geographical area:

		31 March 2019			31 March 2018 Restated			1 April 2017 (Restatement)		
Cash-generating unit (CGU)	**Segment**	**Property, plant and equipment**	**Goodwill and other intangibles**	**Total**	**Property, plant and equipment**	**Goodwill and other intangibles**	**Total**	**Property, plant and equipment**	**Goodwill and other intangibles***	**Total**
South African Sugar – Agricultural Operations	Sugar – South Africa	**10**	**–**	**10**	50	–	50	480	–	480
Zimbabwe Sugar – Hippo Valley Operations	Sugar – Zimbabwe	**(195)**	**–**	**(195)**	–	–	–	547	298	845
Zimbabwe Sugar – Triangle Operations	Sugar – Zimbabwe	**(110)**	**–**	**(110)**	–	–	–	383	–	383
Mozambique Sugar – Xinavane Operations	Sugar – Mozambique	**125**	**–**	**125**	114	–	114	479	16	495
Mozambique Sugar – Mafambisse Operations	Sugar – Mozambique	**53**	**–**	**53**	95	–	95	587	17	604
Impairment of individual assets**		**41**	**11**	**52**	–	–	–	–	–	–
		(76)	**11**	**(65)**	259	–	259	2 476	331	2 807

* *The only remaining amount of goodwill after the restatements relates to Botswana Sugar Distribution Operations which is not allocated to these CGUs. These CGUs therefore do not contain any goodwill after 1 April 2017 and have been written down to their recoverable value.*

** *Impairment of individual asset relates to the write down of Massintonto.*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2019

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

South African Sugar – Agricultural Operations

Recurring losses relating to the agriculture CGUs combined with droughts experienced during 2015 to 2017 resulted in the recognition of an impairment dating back to pre-April 2017, which was restated accordingly.

Lower local market demand resulting from the implementation of the Health Promotion Levy (sugar tax) and continued imports into South Africa resulted in a higher proportion of production being exported at low global sugar prices was identified as an indicator of impairment in respect of 31 March 2019.

In respect of 31 March 2018 an additional impairment was recognised relating additions that were capitalised during the current year. These additions related to individual assets that were fully impaired in 2017 when allocating the overall CGU impairment to individual assets and have therefore been written off in 2018.

Zimbabwe Sugar

The droughts experienced during 2017 limited irrigation, which reduced yields and delayed the replanting of fields resulted in the recognition of impairment relating to 1 April 2017, which was restated accordingly.

With the introduction of RTGS in Zimbabwe during October 2018 and an inability to forecast cash flows in RTGS, the cash flows relating to the Zimbabwe operations were prepared in US$ and the discount rate was adjusted for currency and country uncertainty.

The recoverable amount was then translated at the spot rate at 31 March 2019 into RTGS, and as a result, a reversal of an impairment was recognised as a result of a weakening in RTGS against the US$. At this stage Zimbabwe was not determined to be hyperinflationary.

Mozambique Sugar

The droughts experienced during 2017 limited irrigation, which reduced yields and delayed the replanting of fields resulted in the recognition of impairment relating to 1 April 2017, which was restated accordingly.

During March 2019 tropical cyclone Idai resulted in significant damage to cane fields and negatively effected operations. Management deemed this an impairment trigger as at 31 March 2019.

In respect of 31 March 2018 an additional impairment was recognised relating to additions that were capitalised during the current year. These additions related to individual assets that were fully impaired in 2017 when allocating the overall CGU impairment to individual assets and have therefore been written off in 2018.

Key assumptions utilised in the impairment testing

In respect of 31 March 2019 the recoverable amount of the CGUs was determined based on a fair value less cost of disposal taking into consideration the turnaround plan.

In respect of 1 April 2017 the recoverable amount was determined based on value-in-use. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period. The cash flow beyond year five (terminal cash flow) has assumed a steady state of growth with capital expenditure equal to depreciation, volumes and profit margins maintained at year five levels with the growth beyond year five resulting solely from price inflation.

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Key assumptions utilised in the impairment testing continued

	South Africa Sugar – Agriculture Operations		Zimbabwe Sugar – Hippo Valley and Triangle Operations		Mozambique Sugar – Xinavane and Mafambisse Operations	
	31 March 2019	**31 March 2017**	**31 March 2019**	**31 March 2017**	**31 March 2019**	**31 March 2017**
Basis of determining recoverable value	**Fair value less cost to sell**	Value in use	**Fair value less cost to sell**	Value in use	**Fair value less cost to sell**	Value in use
Recoverable value (R million)	**350**	292	**Hippo Valley – 1 410 Triangle – 1 630**	Hippo Valley – 2 149 Triangle – 4 044	**Xinavane – 2 206 Mafambisse – limited to nil**	Xinavane – 1 968 Mafambisse – limited to nil
Fair value hierarchy	**Level 3**	–	**Level 3**	–	**Level 3**	–
Valuation technique	**Discounted cash flow model**	–	**Discounted cash flow model**	–	**Discounted cash flow model**	–
Key assumptions:						
Discount rate – post-tax nominal	**16,0% to 16,5%**	11,9% to12,4%	**18,6% to 19,2%**	17,0% to 17,5%	**21,5 to 22,1%**	23,2% to 23,8%
Perpetuity growth rate	**4,8%**	5,4%	**1,9%**	2,0%	**6,0%**	6,5%
Period (years)	**5**	5	**5**	5	**5**	5
Key assumption sensitivities (R million):						
Impact on calculation of recoverable amount:						
Decrease in discount rate of 0,5% (increase in value)	**18**	24	**Hippo Valley – 71 Triangle – 71**	Hippo Valley – 41 Triangle – 44	**Xinavane – 63 Mafambisse – 3**	Xinavane – 45 Mafambisse – 4
Increase in discount rate of 0,5% (decrease in value)	**(16)**	(21)	**Hippo Valley – (71) Triangle – (71)**	Hippo Valley – (41) Triangle – (44)	**Xinavane – (60) Mafambisse – (2)**	Xinavane – 43 Mafambisse – 4
Decrease in terminal growth rate of 0,5% (decrease in value)	**(11)**	(17)	**Hippo Valley – (28) Triangle – (28)**	Hippo Valley – (44) Triangle – (46)	**Xinavane – (42) Mafambisse – (2)**	Xinavane – (32) Mafambisse – (6)
Increase in terminal growth rate of 0,5% (increase in value)	**13**	18	**Hippo Valley – 14 Triangle – 14**	Hippo Valley – 46 Triangle – 49	**Xinavane – 45 Mafambisse – 2**	Xinavane – 34 Mafambisse – 6

4. GOODWILL AND INTANGIBLE ASSETS

	Group									
	Goodwill		Computer software		Patents, trademarks, licences and capital work-in-progress		Sharecropper and cane supply arrangements		Total	
R million	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated
Net carrying amount at 1 April (as previously reported for 2018)	**50**	382	**339**	348	**–**	18	**119**	–	**508**	748
Prior period errors	**–**	(331)	**–**	(66)	**–**	(18)	**–**	81	**–**	(334)
Net carrying amount at 1 April (restated for 2018)	**50**	51	**339**	282	**–**	–	**119**	81	**508**	414
Current year movements:										
Additions	**–**	–	**5**	70	**10**	–	**22**	59	**37**	129
Borrowing costs capitalised	**–**	–	**–**	16	**–**	–	**–**	–	**–**	16
Disposals and scrapping	**–**	–	**(9)**	–	**–**	–	**–**	–	**(9)**	–
Net reclassification from/(to) other assets	**–**	–	**3**	–	**–**	–	**–**	–	**3**	–
Transfer of assets held for sale	**(6)**	–	**–**	–	**–**	–	**–**	–	**(6)**	–
Current year amortisation charge	**–**	–	**(39)**	(15)	**–**	–	**(18)**	(21)	**(57)**	(36)
Impairments and write downs	**–**	–	**–**	–	**(10)**	–	**–**	–	**(10)**	–
Translation of foreign operations	**4**	(1)	**(34)**	(14)	**–**	–	**–**	–	**(30)**	(15)
Net carrying amount at end of year	**48**	50	**265**	339	**–**	–	**123**	119	**436**	508
Made up as follows:										
Net carrying amount:										
Cost	**84**	81	**386**	427	**48**	24	**179**	157	**697**	689
Accumulated amortisation	**36**	31	**121**	88	**48**	24	**56**	38	**261**	181
	48	50	**265**	339	**–**	–	**123**	119	**436**	508

4. GOODWILL AND INTANGIBLE ASSETS CONTINUED

	Company							
	Computer software		Patents, trademarks, licences and capital work-in-progress		Sharecropper and cane supply arrangements		Total	
R million	**2019**	**2018 Restated**	**2019**	**2018 Restated**	**2019**	**2018 Restated**	**2019**	**2018 Restated**
Net carrying amount at 1 April (as previously reported for 2018)	**183**	307	**–**	18	**119**	–	**302**	325
Prior period errors	**–**	(60)	**–**	(18)	**–**	82	**–**	4
Net carrying amount at 1 April (restated for 2018)	**183**	247	**–**	–	**119**	82	**302**	329
Current year movements:	**–**	–	**–**	–	**–**	–	**–**	–
Additions	**–**	55	**10**	–	**17**	58	**27**	113
Borrowing costs capitalised	**–**	16	**–**	–	**–**	–	**–**	16
Disposals and scrapping	**–**	–	**–**	–	**–**	–	**–**	–
Net reclassification from (to)/other assets	**2**	–	**–**	–	**–**	–	**2**	–
Current year amortisation charge	**(28)**	(10)	**–**	–	**(13)**	(21)	**(41)**	(31)
Intercompany transfers	**–**	(125)	**–**	–	**–**	–	**–**	(125)
Impairments	**–**	–	**(10)**	–	**–**	–	**(10)**	–
Translation	**–**	–	**–**	–	**–**	–	**–**	–
Net carrying amount at end of year	**157**	183	**–**	–	**123**	119	**280**	302
Made up as follows:								
Net carrying amount:								
Cost	**260**	264	**38**	23	**179**	157	**477**	444
Accumulated amortisation	**103**	81	**38**	23	**56**	38	**197**	142
	157	183	**–**	–	**123**	119	**280**	302

Encumbrance

None of the Group's intangible assets are encumbered.

Research and development costs

The Group incurred research and development costs of R14 million (2018: R24 million) which are included in administration costs in the statement of profit or loss.

Goodwill

The carrying amount of goodwill remaining after the restatements at 1 April 2017 relates to the Botswana Sugar Distribution Operations, which is not deemed to be impaired as its fair value less cost to sell exceeds its carrying amount.

Impairments

Refer to note 3 *Property, plant and equipment* for key assumptions relating to impairment testing of cash generating units.

5. INVESTMENTS IN SUBSIDIARIES AND JOINT OPERATIONS

The Group's effective interest in the major subsidiaries are listed below:

Name of entity	Country of incorporation and operation	Effective ownership interest held by the Group[1] %	Principal activity	Shares at cost 2019	Shares at cost 2018 Restated	Amounts owing by Group companies 2019	Amounts owing by Group companies 2018 Restated	Amounts owing to Group companies 2019	Amounts owing to Group companies 2018 Restated
The Tongaat Group Limited	South Africa	100,0	Wet maize milling starch and glucose manufacturing operation	**54**	54	**–**	–	**(59)**	(59)
Tongaat Hulett Starch Proprietary Limited	South Africa	100,0		**15**	15	**65**	62	**(15)**	(15)
Tongaat Hulett Estates Proprietary Limited	South Africa	100,0	Land development activities	**6**	6	**9**	36	**(739)**	(119)
Tongaat Hulett Developments Proprietary Limited	South Africa	100,0		**–**	–	**–**	–	**–**	–
Tongaat Hulett Sugar SA Limited	South Africa	100,0	Agriculture, raw sugar production, refining, packaging and production of liquid and dry specialty sugars	**–**	–	**124**	150	**(15)**	(9)
Tongaat Hulett Acucareira de Mocambique, SA	Mozambique	85,0		**416**	416	**130**	116	**–**	–
Sociedade de Assistencia a Agricultura e Industria, S.A.	Portugal	100,0		**65**	65	**145**	145	**–**	–
Tongaat Hulett Acucareira de Xinavane, SA	Mozambique	88,0		**666**	666	**288**	179	**–**	–
Tongaat Hulett Acucar Limitada	Mozambique	100,0		**3 010**	3 010	**–**	–	**(127)**	(103)
Triangle Sugar Corporation Limited	Zimbabwe	100,0		**263**	263	**58**	163	**–**	–
Triangle Limited	Zimbabwe	100,0		**–**	–	**–**	–	**–**	–
Hippo Valley Estates Limited (HVE)[2]	Zimbabwe	50,3		**–**	–	**–**	–	**–**	–
Tongaat Hulett (Botswana) (Pty) Limited[2]	Botswana	50,1		**54**	54	**–**	–	**–**	–
Tongaat Hulett (Namibia) (Pty) Limited[2, 3]	Namibia	51,0		**3**	3	**–**	–	**–**	–
Tambankulu Estates Limited	Swaziland	100,0		**182**	182	**–**	–	**(411)**	(397)
Other				**3**	3	**–**	–	**–**	–
				4 737	4 737	**819**	851	**(1 366)**	(702)
Provision for impairment[4]				**(3 426)**	(3 426)	**(633)**	(193)	**–**	–
				1 311	1 311	**186**	658	**(1 366)**	(702)

Note
1 There has been no change in the ownership interest held by the Group
2 The Group controls these investments as a result of the majority voting power it holds. These are not structured entities without other contracts that could affect the Group's voting rights.
3 Refer to note 13 Assets classified as held for sale
4 Impairment testing has been performed in respect of investments in subsidiaries, joint arrangements and associates.

5. INVESTMENTS IN SUBSIDIARIES AND JOINT OPERATIONS CONTINUED

Further information

The Group has a 33,26% interest in Effingham Development Joint Venture which was formed with the objective of developing and marketing serviced sites of the Riverhorse Valley Business Estate and Bridge City in KwaZulu-Natal, South Africa. Tongaat Hulett Limited's proportionate share of the assets, liabilities and post-acquisition reserves of this joint operation is included in the consolidated financial statements and are not material.

In respect of the special purpose vehicles and trusts where the year-end is December and not coterminous with that of the Group, the Group's accounting policy is to adjust for any significant transactions and events occurring between the investees' and the Group's March year-end in accordance with IAS 28.

A full list of all subsidiaries and joint operations is available from the company secretary on request.

Loans between companies within the Group are unsecured with no fixed repayment date. A specific provision of R633 million (2018: R193 million) was recognised in respect of non-performing subsidiaries.

Material partly-owned subsidiaries

The information below discloses interests in subsidiaries material to the financial position of the Group. The information is based on amounts before inter-company eliminations.

	Group	
	Hippo Valley Estates Limited	
R million	2019	2018 Restated
Summarised statement of financial position		
Non-current assets	**654**	1 245
Current assets	**1 028**	1 305
Non-current liabilities	**(574)**	(955)
Current liabilities	**(240)**	(268)
Equity attributable to Tongaat Hulett Limited	**(419)**	(635)
Non-controlling interests	**449**	692
Summarised statement of profit or loss and other comprehensive income		
Revenue	**2 132**	2 023
Profit attributable to Tongaat Hulett Limited	**224**	30
Profit attributable to non-controlling interests	**221**	29
Profit for the year	**445**	59
Other comprehensive income/(loss) attributable to Tongaat Hulett Limited	**(415)**	(162)
Other comprehensive income/(loss) attributable to non-controlling interests	**(409)**	(167)
Other comprehensive income/(loss) for the year	**(824)**	(329)
Total comprehensive income/(loss) attributable to Tongaat Hulett	**(191)**	(132)
Total comprehensive income/(loss) attributable to non-controlling interests	**(188)**	(138)
Total comprehensive income/(loss) for the year	**(379)**	(270)
Summarised cash flow information		
Net cash flow from operating activities	**113**	(97)
Net cash outflow from investing activities	**(89)**	106
Net cash flow from financing activities	**25**	(35)
Net cash (outflow)/inflow for the year	**49**	(26)

5. INVESTMENTS IN SUBSIDIARIES AND JOINT OPERATIONS CONTINUED

Further information continued

On 1 October 2018, HVE adopted a new functional currency, namely the Real Time Gross Settlement Dollar (RTGS$), the application of which was applied prospectively.

The table below summarises the exchange rates at which the results of HVE have been translated into South African Rand.

Financial period	Functional currency	Average rate	Closing rate
1 April 2018 to 30 September 2018	US Dollar	13,3854	–
1 October 2018 to 31 March 2019	RTGS Dollar	5,5583	4,7908

Sensitivity analysis

The table below highlights the sensitivity of the impact of applying the Old Mutual implied rate on the statement of comprehensive income and statement of financial position of the Group.

R million	Interbank rate ZAR	Sensitivity	Old Mutual implied rate RTGS:ZAR 2.8326:1
Revenue	4 469	(924)	3 545
Operating profit	1 201	(551)	650
Profit for the year	972	(344)	628
Net asset value	2 007	(795)	1 212
Total assets	3 991	(1 581)	2 410

Note: The underlying transactions have not changed

Repatriation of cash balances from Zimbabwean subsidiaries

Due to shortages in foreign currency within Zimbabwe, the Group's ability to repatriate profits from its Zimbabwean subsidiaries within the requirements of the Reserve Bank of Zimbabwe, is constrained. At year end the value of total cash in Zimbabwe Sugar was R731 million (2018: R2 071 million).

6. INVESTMENT IN ASSOCIATE AND JOINT VENTURE

Set out below is the financial information relating to the Group's associate and joint venture. There is no quoted market value for the investments in the joint venture and associates.

Name of entity	Type	Country of incorporation and operation	Ownership interest held by the Group %	Principal activity	Measurement method	Financial year end	Carrying amount 2019 R million	Carrying amount 2018 Restated R million
National Chemical Products Distillers Zimbabwe (Private) Limited (NCP)	Associate	Zimbabwe	49,0	Conversion of molasses into alcohol	Equity method	31 December	**6**	12
Distribuidora Nacional de Acucar, Limitada (DNA)	Joint Venture	Mozambique	50,0	Sales and distribution of sugar	Equity method	31 March	**–**	–

Further information

Where associates do not have year-ends that are coterminous with that of the Group, the Group's accounting policy is to adjust for any significant transactions and events occurring between the investees' and the Group's March year-end in accordance with IAS 28.

On 1 October 2018, the new functional currency, namely the Real Time Gross Settlement Dollar (RTGS$), was applied to the investment in NCP.

The table below summarises the exchange rates at which the results of NCP and DNA have been translated into South African Rand.

Financial period	Functional currency	Average rate	Closing rate
1 April 2018 to 30 September 2018	US Dollar	**13,39**	**–**
1 October 2018 to 31 March 2019	RTGS Dollar	**5,56**	**4,79**
1 April 2018 to 31 March 2019	Metical	**4,40**	**4,39**
1 April 2017 to 31 March 2018	Metical	**4,66**	**5,11**

Reconciliation of investment in associate and joint venture

R million	National Chemical Products Distillers Zimbabwe (Private) Limited (NCP) 2019	Restated 2018	Distribuidora Nacional de Acucar, Limitada (DNA) 2019	Restated 2018	Total 2019	Restated 2018
At beginning of the period	**12**	12	**–**	–	**12**	12
Share of profit of associate after tax	**2**	1	**–**	–	**2**	1
Foreign currency translation	**(8)**	(1)	**–**	–	**(8)**	(1)
At end of the period	**6**	12	**–**	–	**6**	12

The summarised financial information in respect of the associate company and joint venture are set out below:

R million	National Chemical Products Distillers Zimbabwe (Private) Limited (NCP) 2019	Restated 2018	Distribuidora Nacional de Acucar, Limitada (DNA) 2019	Restated 2018
Summarised statement of financial position				
Non-current assets	**5**	13	**7**	5
Current assets	**17**	18	**709**	998
Non-current liabilities	**(1)**	(3)	**–**	–
Current liabilities[1]	**(7)**	1	**(711)**	(999)
Net assets	**15**	30	**5**	4
Group's share of net assets of associate companies	**6**	12	**–**	–
Summarised statement of profit or loss and other comprehensive income				
Total revenue	**61**	78	**2 806**	2 964
Total profit for the year	**4**	4	**–**	–
Group's share of after tax profit of associate company	**2**	2	**–**	–
Dividends received from associates	**–**	–	**–**	–

[1] *Includes a short-term trade finance facility that is secured with the sugar stocks reflected as current assets in the disclosure above.*

7. OTHER NON-CURRENT FINANCIAL ASSETS

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Pension fund employer surplus account				
Various investments	**651**	648	**651**	648
Cash and deposits	**599**	539	**599**	539
Bonds and debentures	**52**	109	**52**	109
Loan receivable: Tongaat Hulett Limited	**112**	102	**112**	102
	763	750	**763**	750
Other investments measured at fair value through profit or loss				
Listed equity investment	**–**	–	**–**	–
Zeder Investments Limited	**8**	12	**–**	–
	8	12	**–**	–
	771	762	**763**	750
Other loans at amortised cost				
Deferred purchase consideration	**112**	101	**–**	–
Star Africa Corporation Limited	**55**	135	**–**	–
Grower and other loans	**30**	28	**30**	27
	197	264	**30**	27
Less: allowance for expected credit losses on other loans at amortised cost	**(108)**	(92)	**(3)**	(5)
	89	172	**27**	22
	860	934	**790**	772

Further information

Pension fund employer surplus account

The Tongaat Hulett pension fund employer surplus account relates to the allocations made in terms of the previous defined benefit arrangements. The Group directs the use of these funds within the parameters of the permitted uses as prescribed by the Pension Fund Act. The balance is largely invested in government bonds and short-dated money market assets. The employer surplus account is measured at fair value at the reporting date. Fair value is determined by reference to published price quotations in an active market.

The portion of the employer surplus account was transferred in terms of Section 15E of the Pension Funds Act from the Tongaat Hulett Defined Benefit Pension Fund as part of the conversion to defined contribution and transfer of in-service members to the fund. It was agreed that this portion of the employer surplus account in the fund would continue to be invested (as it had been in the Tongaat Hulett Defined Benefit Pension Fund) by way of an interest bearing loan to the participating employer, such loan being repayable to the fund on demand. This has been included under short-term borrowings in note 15. Other than in the event of the liquidation of the previous defined benefit pension fund, there is no legally enforceable right that would allow the offset of the employer surplus account and the loan from the previous defined benefit pension fund. For further details refer to note 33 *Events occurring after the reporting period*.

Grower loans

Grower loans bear interest at varying rates and have various terms of repayments.

Deferred purchase consideration

The above balance relates to the purchase consideration owing in respect of the sale of shares in a subsidiary, the shares of which have been pledged as security.

Star Africa Corporation Limited

Star Africa Corporation Limited (Star Africa) is a company listed on the Zimbabwe Stock Exchange. The Group was party to a Scheme of Arrangement which granted Star Africa, a customer, a moratorium on capital and interest payments owing until they were able to restructure their debt and dispose of their non-core assets, the proceeds of which is expected to be applied to settling amounts owing to Lenders and creditors, including the Group. Interest accrues at a fixed rate of 7% per annum and the amount owing is expected to be settled by 31 October 2021.

A foreign exchange loss of R80 million (2018: R17 million) was recognised on translation of this ring-fenced foreign debt to South African Rand.

7. OTHER NON-CURRENT FINANCIAL ASSETS CONTINUED

The following table shows the movement in lifetime ECLs that have been recognised in accordance with the general approach set out in IFRS 9 in other loans at amortised cost:

Analysis of movement in loss allowance

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Balance at beginning of the year	**92**	5	**5**	5
Adjustment on initial adoption of IFRS 9	**–**	–	**–**	–
Restatement of prior period errors	**–**	75	**–**	–
Restated balance at beginning of the year	**92**	80	**5**	5
Transfer to credit impaired	**18**	14	**–**	2
Transfer from credit impaired	**(2)**	(2)	**(2)**	(2)
Amounts written off as uncollectible	**–**	–	**–**	–
Balance at end of the year	**108**	92	**3**	5

8. INVENTORIES

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Raw materials	**240**	383	**199**	377
Work in progress	**15**	15	**15**	15
Finished goods	**892**	1 490	**645**	826
Consumables	**681**	879	**213**	220
Land in the development cycle	**1 861**	1 777	**–**	–
Planning expenditure	**155**	126	**–**	–
Development expenditure	**1 524**	1 468	**–**	–
Land	**182**	183	**–**	–
Inventory before provision	**3 689**	4 544	**1 072**	1 438
Less: provision for inventory write-downs	**(16)**	(12)	**(7)**	(9)
Net inventories	**3 673**	4 532	**1 065**	1 429
Amount of write-down of inventories to net realisable value recognised in cost of sales	**11**	4	**–**	4

Further information

Land in the development cycle serves a dual purpose, namely to support the cane supply to the mills while the land awaits future development and sale to third parties.

Included in raw materials is an amount of R128 million (2018: R319 million) that relates to the obligation that has been recognised on maize procurement contracts entered into with a financial institution.

Land in the development cycle includes certain properties approximating R367 million with a property extent of 45,5 hectares ,which are held in legal title in the name of purchasers, in terms of sale agreements that are subject to 'Take back arrangements' and a non-user servitude in favour of Tongaat Hulett Developments Proprietary Limited and also where development approvals have not been received. The registration of ownership of transfer of these properties to Tongaat Hulett Developments Proprietary Limited is in the process of being effected. The cash received to date in terms of the sale agreements are disclosed as income received in advance in note 21 *Trade and other payables.*

Reconciliation of the provision for inventory write-downs

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
At beginning of the year	**12**	8	**9**	5
Additional write-down	**11**	4	**–**	4
Reversals	**(2)**	–	**(2)**	–
Foreign currency translation	**(5)**	–	**–**	–
At end of the period	**16**	12	**7**	9

The write-downs and reversals are included in 'cost of sales'.

9. BIOLOGICAL ASSETS

	Group					
	Livestock and orchards		Growing crops		Total	
R million	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated
Reconciliation of the carrying value of biological assets:						
Carrying value at beginning of the year	**53**	–	**1 551**	2 549	**1 604**	2 549
Correction of prior period errors	**–**	45	**–**	(792)	**–**	(747)
Restated carrying value at beginning of the year	**53**	45	**1 551**	1 757	**1 604**	1 802
Changes in fair value:						
Gain/(loss) arising from physical growth	**13**	14	**(68)**	386	**(55)**	400
Gain/(loss) arising from price changes	**–**	–	**628**	(353)	**628**	(353)
Gain/(loss) arising from changes in area actively farmed	**–**	–	**(103)**	(2)	**(103)**	(2)
Derecognition of growing cane on occupied land in Zimbabwe	**–**	–	**–**	(113)	**–**	(113)
Foreign currency translations	**(33)**	(6)	**(489)**	(124)	**(522)**	(130)
Carrying value at end of the year	**33**	53	**1 519**	1 551	**1 552**	1 604

	Company	
	Total	
R million	2019	2018 Restated
Reconciliation of the carrying value of biological assets:		
Carrying value at beginning of the year	**188**	707
Correction of prior period errors	**–**	(454)
Restated carrying value at beginning of the year	**188**	253
Changes in fair value:		
Gain arising from physical growth	**–**	27
Gain/(loss) arising from price changes	**45**	(86)
Increase due to increased area under cane	**2**	–
Decrease due to reduced area under cane	**(1)**	(6)
Carrying value at end of the year	**234**	188

Encumbrance

At reporting date, none of the Group's biological assets are encumbered.

Further information

Growing crops valuation and sensitivity analysis

Growing crops, comprising standing cane, is measured at fair value which is determined using unobservable inputs (namely, yield of the standing cane and prices) and is categorised as Level 3 under the fair value hierarchy. The fair value of standing cane is determined by estimating the growth of the cane, an estimate of the yield of the standing cane, sucrose content, 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. Changes in the fair value are included in profit or loss, with a benefit of R470 million (2018: loss of R45 million) being recognised in profit or loss in the current year. The key unobservable inputs used in determining fair value and a reconciliation of the change in fair value for the year are shown below.

9. BIOLOGICAL ASSETS CONTINUED

The assumptions for the key unobservable inputs used in determining fair value of growing crops, are as follows:

		South Africa		Swaziland		Zimbabwe		Mozambique	
		2019	2018 Restated	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated
Hectares for harvest		**26 159**	26 276	**3 725**	3 798	**24 268**	25 017	**12 185**	13 552
Standing cane value	(Rand per hectare)	**8 937**	7 151	**29 212**	26 503	**38 196**	37 756	**20 537**	23 498
Yield	(tons cane per hectare)	**56**	54	**125**	121	**105**	98	**78**	80
Average maturity of cane as at 31 March	(%)	**61**	59	**63**	67	**57**	61	**55**	67
Sugar cane tons	(equivalent)	**897 893**	828 253	**41 700**	44 106	**183 132**	188 812	**112 783**	124 376
Cane price per ton	(Rand)	**498**	440	**369**	327	**737**	736	**263**	294
Sucrose price per ton	(Rand)	**4 200**	3 778	**3 456**	3 056	**5 823**	5 854	**3 398**	3 804
Carrying value as at 31 March		**234**	188	**109**	101	**927**	945	**250**	318
Changes in fair value included in cost of sales		**46**	(65)	**8**	(15)	**536**	207	**(120)**	(82)

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. The sensitivities are based on replacing the assumptions used in the model with the actual yield and commercial performance for the 2018/19 season. For example, the actual yield in Zimbabwe for the 2018/19 season was 3% lower than the assumed yield resulting in a R27 million variance.

2019		South Africa	Swaziland	Zimbabwe	Mozambique
Yield relative to assumption	(%)	**1**	**(2)**	**(3)**	**3**
Yield relative to assumption	(R million)	**2**	**(3)**	**(27)**	**10**
2019 price relative to forecast	(%)	**(15)**	**(5)**	**(44)**	**5**
Price – yield static	(R million)	**(67)**	**(7)**	**(388)**	**8**

10. TRADE AND OTHER RECEIVABLES

R million	GROUP 2019	GROUP 2018 Restated	COMPANY 2019	COMPANY 2018 Restated
Trade receivables				
Trade receivables from contracts with customers relating to:	**965**	1 021	**627**	688
– sale of sugar, starch and other related products	**923**	1 020	**627**	688
– sale of land	**42**	1	**–**	–
Less: allowance for expected credit losses	**(55)**	(63)	**(7)**	(5)
Net trade receivables	**910**	958	**620**	683
Other receivables				
Prepayments	**279**	125	**73**	49
Other receivables	**262**	547	**83**	89
VAT receivable	**185**	194	**2**	1
	726	866	**158**	139
Less: allowance for expected credit losses	**(108)**	(111)	**(4)**	(1)
Net other receivables	**618**	755	**154**	138
	1 528	1 713	**774**	821

Further information

There is no material difference between the fair value of trade and other receivables and their carrying amount due to the short-term nature of these items.

Included in trade receivables is a balance of R24 million relating to the outstanding purchase consideration from the sale of land where legal ownership of the property has transferred to the purchaser. As security for this balance, a mortgage bond has been registered over the property in favour of Tongaat Hulett Developments Proprietary Limited.

Impairment

The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance (ECL) for all trade and other receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of time and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The measurement of the expected credit losses also reflects the recovery expected from any collateral relating to the asset. Collateral is held over trade receivables in respect of land conversion activities where the land is held as collateral until the purchase consideration is paid in full and in some cases collateral is held in respect of sugar debtors.

Trade receivables that are more than 30 days passed due represent less than 1% of the trade debtors balance and accordingly the allowance relates to non-performing debtors where the amount is outstanding for more than 30 days.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no prospect of recovery, namely when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, debtor has failed to engage in a repayment plan with the Group and a failure to make contractual payments within a specified period.

The Group's exposure to various risks associated with these financial instruments is discussed note 29.

The following table details the risk profile of trade receivables based on the Group's provision matrix. The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, with the exception of land developments where an allowance for credit losses has been provided in respect of specific trade debtors:

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Less than one month	**196**	118	**170**	94
Between one and two months	**39**	54	**30**	8
Between two and three months	**4**	4	**3**	1
Greater than three months	**24**	51	**12**	4
Total past due	**263**	227	**215**	107
Not past due	**702**	794	**412**	581
	965	1 021	**627**	688
Less: allowance for expected credit losses	**(55)**	(63)	**(7)**	(5)
Net trade receivables	**910**	958	**620**	683

10. TRADE AND OTHER RECEIVABLES CONTINUED

In determining the ECL the following has been taken into consideration:

- **South Africa Sugar:** history of customers who meet payment terms which are short-term, therefore resulting in a limited expected credit loss. In determining the ECL, any credit insurance guarantee is taken into consideration.
- **Land Developments:** the outstanding balance in respect of trade receivables is limited due to the recognition of revenue on the date of transfer of land, accordingly non-performing trade receivables were identified and an appropriate expected credit loss was provided.
- **Starch:** history of customers who meet payment terms which are short-term, therefore resulting in a limited expected credit loss.
- **Mozambique Sugar:** main customer is DNA with no history of payment default and payment terms which are short-term, therefore resulting in a limited expected credit loss.
- **Zimbabwe Sugar:** in determing the expected credit loss Zimbabwe has applied the following expected credit loss rate based on past due status: current (0.5%); 30 days past due (5%); 60 days past due (10%) and 90 days past due (39%).

The following table shows the movement in lifetime ECLs that have been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9:

Analysis of movement in loss allowance on Trade receivables

	Group		Company	
R million	**2019**	**2018 Restated**	**2019**	**2018 Restated**
Balance at beginning of the year	**63**	10	**5**	2
Adjustment on initial adoption of IFRS 9	**–**	34	**–**	–
Restatement of prior period errors	**–**	6	**–**	–
Restated balance at beginning of the year	**63**	50	**5**	2
Transfer to credit impaired	**32**	23	**2**	4
Transfer from credit impaired	**(8)**	(3)	**–**	–
Amounts written off as uncollectible	**(1)**	(1)	**–**	(1)
Exchange rate translation	**(31)**	(6)	**–**	–
Balance at end of the year	**55**	63	**7**	5

Analysis of movement in loss allowance on Other receivables

	Group		Company	
R million	**2019**	**2018 Restated**	**2019**	**2018 Restated**
Balance at beginning of the year	**111**	30	**1**	1
Adjustment on initial adoption of IFRS 9	**–**	62	**–**	–
Restatement of prior period errors	**–**	6	**–**	–
Restated balance at beginning of the year	**111**	98	**1**	1
Transfer to credit impaired	**74**	30	**3**	–
Transfer from credit impaired	**(16)**	(4)	**–**	–
Exchange rate translation	**(61)**	(13)	**–**	–
Balance at end of the year	**108**	111	**4**	1

Other receivables impairment

The ECL relates mainly to specific receivables in both Zimbabwe and Mozambique that have been identified as non-performing for which an expected credit loss allowance has been recognised. Such receivables have been individually assessed. The receivables consist of a combination of trade receivables including: outgrower loans, staff debtors, municipalities and development trusts, that are each not significant amounts.

11. DERIVATIVE FINANCIAL INSTRUMENTS

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
The fair value of derivative instruments at year end was:				
Forward exchange contracts – hedge accounted	**–**	6	**–**	6
Forward exchange contracts – not hedge accounted	**1**	1	**1**	1
Futures contracts – hedge accounted	**11**	(8)	**11**	(8)
	12	(1)	**12**	(1)
Summarised as follows:				
Derivative assets	**12**	7	**12**	7
Derivative liabilities	**–**	(8)	**–**	(8)
	12	(1)	**12**	(1)

12. CASH AND CASH EQUIVALENTS

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Cash at banks and on hand	**908**	2 624	**2**	16
Short-term deposits	**54**	99	**18**	63
Cash and cash equivalents in the statement of financial position and cash flows	**962**	2 723	**20**	79

Further information

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of the instruments.

Encumbrance

Cash of R38 million (2018: R79 million) was pledged as collateral for the borrowing facility of a land sale debtor and was released when that debtor had onsold the property to a third party. We have assessed the expected credit loss on cash and cash equivalents and conclude that there is a remote chance of there being any loss allowance relating to the cash balances.

Repatriation of cash balances from Zimbabwean subsidiaries

Cash of R731 million (2018: R2 billion) is held by the Zimbabwean operations. Due to shortages in foreign currency within Zimbabwe, the Group's ability to repatriate profits from its Zimbabwean subsidiaries within the requirements of the Reserve Bank of Zimbabwe, is constrained.

13. ASSETS CLASSIFIED AS HELD-FOR-SALE

In February 2019, the Tongaat Hulett Board formally approved the disposal of an effective 51% equity interest in Tongaat Hulett Namibia Proprietary Limited. Accordingly, this has been presented as a disposal group held for sale. Efforts to sell the disposal group have commenced and a sale was concluded in November 2019.

The following table presents details of the assets and liabilities that have been classified as held-for-sale as at 31 March 2019. The balances disclosed include impairments recognised on the date of classification as held-for-sale.

R million	Total
Assets classified as held-for-sale	
Property, plant and equipment	7
Goodwill	6
Other intangible assets	–
Inventories	36
Trade and other receivables	42
Derivative financial instruments	–
Cash and cash equivalents	9
Current tax assets	–
Total assets of disposal group classified as held-for-sale	100
Liabilities directly associated with assets classified as held-for-sale	
Borrowings	–
Deferred tax liabilities	(1)
Amounts owing to Group companies	–
Trade and other payables	(19)
Total liabilities of disposal group classified as held-for-sale	(20)
Net assets	80
Impairments recognised through profit and loss	–
Reserves relating to assets held-for-sale	54

14. CAPITAL AND RESERVES

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Share capital				
Authorised shares:				
150 000 000 ordinary shares at R1,00 each	**150**	150	**150**	150
Issued and fully paid:				
135 112 506 ordinary shares at R1,00 each	**135**	135	**135**	135

At the Annual General Meeting shareholders resolved that unissued shares of 6 755 625 (2018: 6 755 625), representing 5% of the shares in issue be placed under the control of the directors to allot and issue at their discretion. This authority expired in November 2019.

R million	Group 2019	Group 2018
BEE held consolidation shares		
Broad-based 18% interest:		
Nil (2018: 25 104 976) ordinary shares	**–**	839
Employee share ownership trusts:		
313 706 (2018: 314 029) ordinary shares	**–**	–
	–	839
Less: BEE SPV reserves	**–**	(216)
	–	623

Nature and purpose of reserves

Share capital and share premium

The share capital and share premium reserve records the movements in the issued share capital of the company.

B-BBEE held consolidation shares

A reserve used to recognise the Broad-Based Black Economic Empowerment (B-BBEE) equity transactions. On 31 January 2019, the preference share funding provided to the BEE SPVs was not redeemed and became due and payable on demand. The share cover ratio was breached in February 2019 and subsequent to a continued decline in the Tongaat Hulett share price the shareholders of the BEE SPVs were formally notified by the preference share funders that the redemption of the preference shares was due. The preference shareholders exercised their security rights by acquiring the shares in the BEE SPVs, resulting in the Group losing control and deconsolidating these two entities with effect from 29 February 2019. Subsequent to year-end, the preference share funders transferred the Tongaat Hulett shares into their own names towards the redemption of the preference share funding. Further details are provided in note 33.

Retained earnings

Retained earnings/accumulated losses comprise distributable reserves accumulated through the consolidation of profit or loss of consolidated companies and the share of profit or loss of equity accounted companies. Reclassifications and transfers to and from other reserves are also accumulated in this reserve. Ordinary dividends declared reduce this reserve.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign operations, as well as gains and losses on instruments that hedge the Group's net investment in foreign subsidiaries.

Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to note 30 for further details of these plans.

15. BORROWINGS

R million	Currency	Interest rate %	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Borrowings in functional currency						
Secured borrowings at amortised cost						
Other short-term	MT	12,80% to 17,00%	**638**	38	**–**	–
Other trade finance	RTGS	–	**–**	809	**–**	–
Other trade finance	ZAR	0,00% to 8,50%	**628**	842	**628**	841
Unsecured borrowings at amortised cost						
Term loans	ZAR	3 month JIBAR + 2,00% to 3,05%	**3 230**	3 230	**3 230**	3 230
Bonds	ZAR	3 month JIBAR + 2,60% to 2,85%	**1 100**	1 270	**1 100**	1 270
Development finance	ZAR	3 month JIBAR + 0,50% to 2,70%	**662**	662	**662**	662
General short-term	ZAR	8,25% to 10,25%	**3 861**	3 826	**3 861**	3 826
Other short-term	MT	14,0% to 16,0%	**518**	–	**–**	–
Other short-term	RTGS	6,50% to 7,50%	**92**	–	**–**	–
Other trade finance	ZAR	0,00% to 10,25%	**357**	427	**357**	427
Other	ZAR	8,75% to 10,25%	**48**	69	**49**	69
			11 134	11 173	**9 887**	10 325
Borrowings not in functional currency						
Secured borrowings at amortised cost						
General short-term	ZAR	10,45%	**58**	108	**–**	–
Unsecured borrowings at amortised cost				–	**–**	–
General short-term	USD	6,5% to 6,63%	**245**	20	**–**	–
			303	128	**–**	–
Finance lease liabilities	ZAR	10,27% to 11,50%	**1**	2	**1**	2
Total borrowings			**11 438**	11 303	**9 888**	10 327

Further information

The directors do not have any borrowing powers to enter into new financing arrangements or to refinance existing financing arrangements, as detailed in note 33 *Events occurring after the reporting period.*

Tongaat Hulett Developments Proprietary Limited is a guarantor on the term debt.

Encumbrances

Land, buildings, plant and machinery of Mozambique subsidiaries with a book value of R1,6 billion (2018: R438 million) are encumbered as security for the long-term borrowings and certain short-term borrowings totalling R635 million (2018: R148 million).

Breach of loan covenants

The Company has unsecured bank loans that contain default financial covenants on term loans for the 2019 and prior years as follows:

Loan covenants	
Net Debt to Equity	**<1.20**
Net Debt to EBITDA	**<3.10**

For the purposes of calculating loan covenants, EBITDA is calculated as operating profit adjusted for depreciation amortisation and non-recurring once-off adjustments. Net debt includes all cash including cash in Zimbabwe.

The Company has not met the default financial covenants of its term loans and as such the borrowing are repayable on demand and classified as current. Subsequent to year-end, a covenant waiver agreement and debt refinancing arrangement have been concluded. Refer to note 33, *Events occurring after the reporting period.*

Details of the Group's exposure to risks arising from borrowings are set out in note 29.

16. DEFERRED TAX

	Group		Company	
R million	**2019**	**2018 Restated**	**2019**	**2018 Restated**
The movement in net deferred tax liabilities during the year is as follows:				
Balance at beginning of the year	**613**	764	**–**	–
Tax (income)/expense during the period recognised in profit or loss	**329**	(63)	**(15)**	(1)
Tax (income)/expense during the period recognised in other comprehensive income	**–**	–	**–**	–
Foreign currency translation differences	**(397)**	(86)	**–**	–
Tax (income)/expense during the period recognised directly to equity	**(8)**	(2)	**15**	1
Balance at end of the year	**537**	613	**–**	–
Comprising:				
Deferred tax assets	**(123)**	(322)	**–**	
Deferred tax liabilities	**660**	935	**–**	–
	537	613	**–**	–
The balance comprises temporary differences attributable to:				
Property, plant and equipment	**873**	1 051	**521**	467
Cane roots	**43**	45	**43**	45
Growing crops	**444**	524	**66**	53
Provisions	**(236)**	(317)	**(171)**	(216)
Pension fund employer surplus account	**214**	211	**214**	211
Prepayments	**21**	14	**21**	14
Timing of revenue recognition	**(354)**	(735)	**–**	–
Deferred development expenditure	**268**	245	**–**	–
Farming capital development expenditure carry forward	**(145)**	(129)	**(145)**	(129)
Tax losses (recognised) carry forward	**(579)**	(418)	**(475)**	(396)
Other	**(12)**	122	**(74)**	(49)
Balance at end of the year	**537**	613	**–**	–

At the reporting date, the Group has estimated tax losses of R5 097 million (2018: R2 945 million) which are available to offset future taxable income. A deferred tax asset related to these tax losses has been raised to the extent of the taxable temporary differences

With the exception of Tongaat Hulett Developments, a deferred tax asset has not been recognised in respect of the balance of the estimated tax loss.

For Tongaat Hulett Developments, a deferred tax asset has been recognised where tax is paid on sales transactions that have not yet been recognised as revenue. In Mozambique, unrecognised tax losses are losses of R24 million (2018: R7 million) that will expire within three years.

17. POST-RETIREMENT BENEFITS

Pension and Provident Fund Schemes

Tongaat Hulett contributes towards retirement benefits for substantially all permanent employees who, depending on preference or local legislation, are required to be members of either a Tongaat Hulett implemented scheme or of various designated industry or state schemes. The Tongaat Hulett schemes, which are predominantly defined contribution schemes, are governed by the relevant retirement fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of Tongaat Hulett. The scheme assets are administered by boards of trustees, each of which includes elected employee representatives.

The latest audited financial statements of the defined contribution schemes, including the scheme in Swaziland, reflect a satisfactory state of affairs. Contributions of R117 million were expensed during the year (2018: R111 million).

Post-Retirement Medical Aid Benefits

In the South African operations, the obligation to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for these current employees is dependent upon the employee remaining in service until retirement. The Zimbabwe operations provide post-retirement medical benefits for pensioners and current employees. In Mozambique, Açucareira de Xinavane subsidises the medical contributions in respect of its pensioners.

Retirement Gratuities

Tongaat Hulett has in the past made payments, on retirement, to eligible employees who have remained in service until retirement, and have completed a minimum service period of ten years. The benefit is applicable to employees in the South African and Zimbabwean operations. Eligibility for this benefit in the South African operations has changed and is restricted to employees who, as of 1 April 2019, are over the age of 55 years and have completed at least ten years of continuous service. The effect of this change is a R62 million reduction in the liability and has been disclosed under the heading of past service costs.

An actuarial valuation of all post retirement obligations is performed annually. A summary of the movements in the post-retirement benefits is as follows:

	Group		Company	
R million	**2019**	**2018**	**2019**	**2018**
Balance at beginning of the year	**791**	783	**577**	561
Net income statement charge	**9**	83	**(1)**	63
Employer contributions	**(62)**	(60)	**(50)**	(44)
Remeasurement of net defined benefit obligations	**25**	9	**(53)**	(3)
Exchange rate translation	**(120)**	(24)	**–**	–
Balance at end of the year	**643**	791	**473**	577
Amount recognised as:				
Retirement benefit obligation – medical aid benefits	**540**	576	**420**	442
Retirement benefit obligation – gratuities	**103**	215	**53**	135
	643	791	**473**	577

17. POST-RETIREMENT BENEFITS CONTINUED

Analysed as follows:

	Group					
	Post retirement medical aid benefits		Retirement gratuities		Total	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Balance at beginning of the year	**576**	576	**215**	208	**791**	784
Net income statement charge	**47**	55	**(38)**	28	**9**	83
Current service costs	**5**	7	**10**	12	**15**	19
Curtailment gain	**–**	–	**(62)**	–	**(62)**	–
Interest income	**42**	48	**14**	16	**56**	64
Employer contributions	**(44)**	(40)	**(18)**	(20)	**(62)**	(60)
Remeasurement of net defined benefit obligations	**33**	1	**(8)**	8	**25**	9
From changes in financial assumptions	**(35)**	–	**(8)**	–	**(43)**	–
From changes in demographic assumptions		1	**–**	–	**–**	1
From changes in experience items	**68**	–	**–**	8	**68**	8
Exchange rate translation	**(72)**	(16)	**(48)**	(9)	**(120)**	(25)
Balance at end of the year	**540**	576	**103**	215	**643**	791
Analysed as follows:	**540**	576	**103**	215	**643**	791
Non-current	**497**	535	**88**	193	**585**	728
Current	**43**	41	**15**	22	**58**	63

	Company					
	Post retirement medical aid benefits		Retirement gratuities		Total	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Balance at beginning of the year	**442**	435	**135**	126	**577**	561
Net income statement charge	**41**	43	**(42)**	19	**(1)**	62
Current service costs	**3**	3	**8**	7	**11**	10
Curtailment gain	**–**	–	**(62)**	–	**(62)**	–
Interest income	**38**	40	**12**	12	**50**	52
Employer contributions	**(34)**	(33)	**(16)**	(11)	**(50)**	(44)
Remeasurement of net defined benefit obligations	**(29)**	(3)	**(24)**	1	**(53)**	(2)
From changes in financial assumptions	**(35)**	–	**(11)**	–	**(46)**	–
From changes in demographic assumptions		–	**–**	–	**–**	–
From changes in experience items	**6**	(3)	**(13)**	1	**(7)**	(2)
Balance at end of the year	**420**	442	**53**	135	**473**	577
Analysed as follows:	**420**	442	**53**	135	**473**	577
Non-current	**384**	408	**43**	123	**427**	531
Current	**36**	34	**10**	12	**46**	46

17. POST-RETIREMENT BENEFITS CONTINUED

		South Africa		Mozambique		Zimbabwe	
R million		**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Post-Retirement Medical Aid Benefits							
Discount rate	(%)	**9,60**	8,80	**8,84**	7,99	**6,90**	6,00
Healthcare cost inflation rate	(%)	**7,25**	7,35	**6,97**	6,61	**5,40**	4,50
Weighted average duration of the obligation	(years)	**9,50**	10,30	**6,30**	6,50	**16,10**	16,40
Retirement Gratuities							
Discount rate	(%)	**9,60**	8,80	**–**	–	**6,90**	6,00
Salary inflation rate	(%)	**7,00**	7,10	**–**	–	**4,90**	3,50
Weighted average duration of the obligation	(years)	**4,50**	10,50	**–**	–	**10,90**	10,60

Sensitivity analysis

The sensitivity analysis below has been provided by the local actuaries based on changes in the assumptions occurring at the end of the year, assuming that all other assumptions are held constant and the effect of the interrelationships is excluded. The effect on the obligation is as follows:

		Group			
		2019		2018	
R million	**Change in assumption**	**Increase**	**Decrease**	**Increase**	**Decrease**
Post-Retirement Medical Aid Benefits					
Discount rate	1%	**(49)**	**59**	(56)	68
Healthcare cost inflation rate	1%	**59**	**(50)**	69	(57)
Retirement Gratuity					
Discount rate	1%	**(7)**	**8**	(19)	23
Salary inflation rate	1%	**8**	**(7)**	23	(20)

		Company			
		2019		2018	
R million	**Change in assumption**	**Increase**	**Decrease**	**Increase**	**Decrease**
Post-Retirement Medical Aid Benefits					
Discount rate	1%	**(34)**	**40**	(39)	46
Healthcare cost inflation rate	1%	**40**	**(35)**	46	(39)
Retirement Gratuity					
Discount rate	1%	**(2)**	**2**	(12)	14
Salary inflation rate	1%	**2**	**(2)**	14	(12)

Key risks associated with post-retirement obligations:

Post-Retirement Medical Aid Benefits

- Higher than expected inflation (to which medical cost/contribution increases are related)
- "Real" future medical aid cost/contribution inflation (i.e. above price inflation) turns out higher than allowed for
- Members/pensioners changing medical aid plans to more expensive plans subject to maximum in terms of policy
- Longevity – pensioners (and their dependants) living longer than expected in retirement
- Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the Company

Retirement Gratuities

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

18. CONTRACT LIABILITIES

R million	Group 2019	Group 2018 Restated
At beginning of the year	**110**	–
Prior period restatement	**–**	105
Restated balance at beginning of the year	**110**	105
Additions	**292**	108
Revenue recognised	**(208)**	(103)
At end of the period	**194**	110
Analysed as follows:		
Non-current	**85**	54
Current	**109**	56
	194	110

Further information

Contract liabilities primarily relate to the advance consideration received from customers in respect of land sales where certain performance obligations are yet to be satisfied. Revenue is recognised with a corresponding decrease in the liability when the performance obligations are fulfilled.

It is anticipated that 56% (R109 million) of the transaction price allocated to unsatisfied performance obligations as at 31 March 2019 will be recognised as revenue during the next reporting period. The remaining 44% (R85 million) will be recognised in the 2021 financial year and beyond.

19. PROVISIONS

	Group					
	Provision for development expenditure		Other provisions		Total	
R million	2019	2018 Restated	2019	2018 Restated	2019	2018 Restated
Balance at beginning of the year	**1 092**	600	**8**	8	**1 100**	608
Prior period restatement	**–**	621	**–**	–	**–**	621
Restated balance at beginning of the year	**1 092**	1 221	**8**	8	**1 100**	1 229
Additional provision recognised	**375**	133	**–**	–	**375**	133
Utilised during the year	**(125)**	(246)	**–**	–	**(125)**	(246)
Unwinding of discount	**(7)**	(16)	**–**	–	**(7)**	(16)
At end of the year	**1 335**	1 092	**8**	8	**1 343**	1 100
Analysed as follows:						
Non-current	**1 033**	962	**8**	8	**1 041**	970
Current	**302**	130	**–**	–	**302**	130
	1 335	1 092	**8**	8	**1 343**	1 100

	Company	
	Other provisions	
R million	2019	2018 Restated
Balance at beginning of the year	**8**	8
Additional provision recognised	**–**	–
Utilised during the year	**–**	–
At end of the year	**8**	8

Further information

Provision for development expenditure

The Group sells land for which it may be responsible for certain development costs. The liability for the development costs represents the present value of the remaining infrastructure construction costs relating to the land sold. Refer to *Significant accounting policies.*

It is anticipated that 23% (R302 million) of the provision as at 31 March 2019 will be unwound during the next reporting period with the remaining 77% (R1 billion) being incurred in the 2021 financial year and beyond.

The provision for development expenditure is discounted at a rate of 20%, representing the Group's cost of equity.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant assumptions below, holding other assumptions constant, would have affected the provision for development expenditure by the amounts shown below:

	Group	
R million	2019	2018
1% increase in discount rate	**(25)**	(28)
1% decrease in discount rate	**26**	29
10% increase in bulk infrastructure contribution	**72**	66

Other provisions

Other provisions include an obligation for site restoration and other environmental remediation relating to a lease arrangement.

20. GOVERNMENT GRANTS

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
At beginning of the year	**127**	–	**127**	–
Prior period restatement	**–**	96	**–**	96
Restated balance at beginning of the year	**127**	96	**127**	96
Received during the year	**–**	43	**–**	43
Released to the statement of profit or loss	**(19)**	(12)	**(19)**	(12)
At end of the period	**108**	127	**108**	127
Analysed as follows:				
Non-current	**88**	107	**88**	107
Current	**20**	20	**20**	20
	108	127	**108**	127

Further information

In March 2014, the Group secured R150 million from the Development Bank of South Africa in the form of a grant to develop cane in rural areas surrounding Tongaat Hulett mills in South Africa. The grant required the Group to match the funding, including an additional 'in-kind' contribution and facilitated the planning of a further 10 971 hectares of sugarcane and creating 3 074 jobs in rural communities. As it relates to assets, the income will be released to the income statement over the useful life of the related assets.

21. TRADE AND OTHER PAYABLES

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Trade payables	**1 204**	1 208	**570**	746
Accruals	**644**	581	**220**	217
Total trade payables	**1 848**	1 789	**790**	963
Income received in advance	**898**	852	**41**	1
Developments	**802**	851	**–**	–
Sugar operations	**96**	1	**41**	1
Other payables	**570**	756	**339**	352
Accrual for leave pay	**149**	195	**87**	93
Utilities	**95**	76	**65**	52
Deferred liability	**38**	78	**–**	–
Retention creditors	**19**	21	**–**	–
Sundry	**269**	386	**187**	207
Value added tax	**237**	161	**215**	161
	3 553	3 558	**1 385**	1 477

Further information

Trade payables and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The carrying value approximates fair value because of the short period to settlement of these obligations

Information about the Group's exposure to currency and liquidity risks is disclosed in note 29.

Income received in advance
This relates to cash received in respect of land sales ahead of transfer and revenue recognition.

Deferred liability
This relates to an obligation arising from a vendor financing arrangement in respect of a land sale transaction. Refer to note 12 *Cash and Cash equivalents.*

22. REVENUE

The Group generates revenue primarily from the sale of land, sugar, starch, glucose and other related products.

Revenue is derived from the transfer of goods and services over time and at a point in time in respect of the following:

	Group		Company	
R million	**2019**	**2018 Restated**	**2019**	**2018 Restated**
Revenue from contracts with customers from:				
Sugar operations				
South Africa	**5 078**	5 518	**5 680**	5 518
Sugar sales	**4 068**	4 568	**4 670**	4 568
Animal feeds	**1 010**	950	**1 010**	950
Zimbabwe	**4 360**	4 401	**–**	–
Sugar sales	**4 125**	4 110	**–**	–
Alcohol	**169**	211	**–**	–
Molasses	**45**	60	**–**	–
Livestock and other	**21**	20	**–**	–
Mozambique and other SADC operations	**2 682**	3 186	**–**	–
Sugar sales	**2 625**	3 129	**–**	–
Molasses	**56**	56	**–**	–
Livestock and other	**1**	1	**–**	–
	12 120	13 105	**5 680**	5 518
Land conversion and development	**941**	487	**–**	–
Sale of land	**733**	384	**–**	–
Provision of services	**208**	103	**–**	–
Starch operations	**4 008**	3 913	**3 949**	3 828
Starch, glucose and other related products	**4 008**	3 913	**3 949**	3 828
	17 069	17 505	**9 629**	9 346
Timing of revenue recognition				
At a point in time	**16 861**	17 402	**9 629**	9 346
Over time	**208**	103	**–**	–
	17 069	17 505	**9 629**	9 346

Revenue from contracts with customers has been further disaggregated into geographical regions. Refer to note 2 *Segmental reporting*.

23. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is arrived at after taking into account, among other items, those detailed below:

R million	Group 2019	Group Restated 2018	Company 2019	Company Restated 2018
Depreciation of property, plant and equipment	**596**	549	**265**	242
Amortisation of intangible assets	**57**	36	**41**	31
Employee costs:	**3 266**	3 631	**1 678**	1 705
Salaries and wages	**2 762**	3 016	**1 394**	1 375
Staff benefits	**307**	315	**210**	184
Share-based payment expense	**41**	45	**30**	38
Contributions to post-retirement funds	**142**	241	**48**	106
Other	**14**	14	**(4)**	2
External auditors' remuneration	**30**	22	**11**	9
Audit fees	**23**	19	**9**	9
Other services	**5**	2	**2**	–
Disbursements	**2**	1	**–**	–
Operating lease charges in respect of property, plant and equipment	**136**	133	**126**	125
Consulting fees	**24**	24	**19**	20
Technical services	**18**	19	**18**	19
Administrative and other services	**6**	5	**1**	1
Income from subsidiaries	**–**	–	**(652)**	(978)
Dividend received	**–**	–	**(523)**	(840)
Management fees	**–**	–	**(129)**	(138)
Net foreign exchange gains/(losses)	**(83)**	(54)	**(67)**	(33)
Profit/(loss) on disposal of other property, plant and equipment	**(39)**	(33)	**(16)**	(31)
Research and developments costs	**14**	21	**2**	2
Fair valuation adjustments:	**470**	45	**46**	(65)
Biological assets	**470**	45	**46**	(65)
Fair value hedges				
Net losses on the hedged item	**(20)**	(23)	**(20)**	(23)
Net gains on the hedged item	**20**	23	**20**	23
Profit/(loss) on disposal of land, buildings and cane roots	**1**	3	**24**	156
Loss on derecognition of cane roots	**58**	–	**–**	–
Loss on derecognition of biological assets	**–**	(98)	**–**	–
Impairment of:				
Property, plant and equipment	**239**	258	**10**	51
– Sugar operations	**10**	51	**10**	51
– Mozambique operations	**219**	207	**–**	–
Other intangible assets				
– Sugar operations	**10**	–	**10**	–
Reversal of impairment of:				
Property, plant and equipment	**(305)**	–	**–**	–
– Zimbabwe operations	**(305)**	–	**–**	–

24. SHARE-BASED PAYMENTS

The Group has the following share-based payment arrangements which are all treated as equity-settled:

- Share Appreciation Right Scheme 2005 (SARS)
- 2010 Tongaat Hulett Long-term Incentive Plan (LTIP), comprising of performance LTIPs and retention LTIPs (RLTIP)
- Deferred Bonus Plan 2005 (DBP)
- BEE Share Ownership Plans

Refer to note 23 for the total expense recognised from share-based payment transactions.

The share awards were made and exercised at various times and the average share price for the period was R67,55 (2018: R114,17).

Share Appreciation Right Scheme 2005 (SARS)

The SARS is a long term incentive for executive management, senior management and qualifying professional employees. Under the SARS participating employees are awarded the right to receive a number of shares calculated with reference to the difference between the exercise price and the grant price. The exercise price and grant price are determined with respect to the volume weighted average price of the share on the exercise date and grant date. The number of awards expected to vest is conditional on the achievement of certain performance conditions. Once vested the rights must be exercised by the 7th anniversary of the grant date to receive shares. Awards are forfeited in the case of voluntary resignation and dismissal with certain vesting conditions remaining in the case of retirement, disability, retrenchment and death.

Grant date	Financial year of grant	Grant price Rand	Fair value on grant date Rand	Outstanding rights 31 March 2018 Number	Granted Number	Exercised Number	Lapsed/ forfeited Number	Outstanding rights 31 March 2019 Number	Vested and exercisable 31 March 2019 Number
31 May 2011	**2012**	**90,42**	**17,50**	**391 958**	**–**	**4 735**	**387 223**	**–**	**–**
29 May 2012	**2013**	**110,21**	**21,73**	**784 750**	**–**	**–**	**33 606**	**751 144**	**751 144**
28 May 2015	**2016**	**128,54**	**23,68**	**1 642 604**	**–**	**–**	**1 642 604**	**–**	**–**
6 June 2016	**2017**	**113,41**	**28,06**	**1 494 271**	**–**	**–**	**92 427**	**1 401 844**	**–**
29 May 2017	**2018**	**115,85**	**25,28**	**1 451 314**	**–**	**–**	**87 941**	**1 363 373**	**–**
20 September 2018	**2019**	**74,08**	**16,97**	**–**	**1 559 054**	**–**	**17 902**	**1 541 152**	**–**
				5 764 897	**1 559 054**	**4 735**	**2 261 703**	**5 057 513**	**751 144**

Grant date	Financial year of grant	Grant price Rand	Fair value on grant date Rand	Outstanding rights 31 March 2017 Number	Granted Number	Exercised Number	Lapsed/ forfeited Number	Outstanding rights 31 March 2018 Number	Vested and exercisable 31 March 2018 Number
31 May 2010	2011	97,49	20,00	458 767	–	458 767	–	–	–
31 May 2011	2012	90,42	17,50	691 771	–	299 813	–	391 958	391 958
29 May 2012	2013	110,21	21,73	792 889	–	3 007	5 132	784 750	784 750
26 May 2014	2015	121,93	23,96	1 525 312	–	7 188	1 518 124	–	–
28 May 2015	2016	128,54	23,68	1 687 368	–	7 818	36 946	1 642 604	–
6 June 2016	2017	113,41	28,06	1 536 084	–	7 218	34 595	1 494 271	–
29 May 2017	2018	115,85	25,28	–	1 460 996	–	9 682	1 451 314	–
				6 692 191	1 460 996	783 811	1 604 479	5 764 897	1 176 708

24. SHARE-BASED PAYMENTS CONTINUED

The fair value on grant date was determined using the binomial tree valuation model and the following are the significant inputs in respect of grants during the years ended 31 March 2019 (grant on 20 September 2018) and 31 March 2018 (grant on 29 May 2017):

Strike price	The grant price, as noted above.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2019: 8,69% (2018: 7,63%).
Expected volatility	Expected volatility of 25% for the award in 2019 (2018 award: 25%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used for the 2019 award (2018: 2,6%).
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the condition is not allowed.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Weighted average remaining life – Expected	2019: 78 months, 2018: 62 months, 2017: 50 months and 2013: 2 months.

2010 Tongaat Hulett Long-term Incentive Plan – Performance Awards (LTIP)

The LTIP is a long-term incentive for executive management, senior management and qualifying professional employees. Under the LTIP participating employees are granted conditional awards. These awards are converted into shares on the achievement of performance conditions over a performance period. Awards are forfeited in the case of voluntary resignation and dismissal with certain vesting conditions remaining in the case of retirement, disability, retrenchment and death.

Grant date	Financial year of grant	Fair value on grant date Rand	Outstanding and unvested conditional awards 31 March 2018 Number	Granted Number	Settled Number	Lapsed/ forfeited Number	Outstanding and unvested conditional awards 31 March 2019 Number
28 May 2015	**2016**	**57,82**	**528 890**	**–**	**142 959**	**385 931**	**–**
6 June 2016	**2017**	**60,28**	**545 630**	**–**	**–**	**36 567**	**509 063**
29 May 2017	**2018**	**63,39**	**707 434**	**–**	**–**	**42 866**	**664 568**
20 September 2018	**2019**	**33,53**	**–**	**861 788**	**–**	**9 882**	**851 906**
			1 781 954	**861 788**	**142 959**	**475 246**	**2 025 537**

Grant date	Financial year of grant	Fair value on grant date Rand	Outstanding and unvested conditional awards 31 March 2017 Number	Granted Number	Settled Number	Lapsed/ forfeited Number	Outstanding and unvested conditional awards 31 March 2018 Number
26 May 2014	2016	51,79	553 034	–	207 211	345 823	–
28 May 2015	2016	57,82	541 397	–	1 424	11 083	528 890
6 June 2016	2017	60,28	558 904	–	627	12 647	545 630
29 May 2017	2018	63,39	–	712 153	–	4 719	707 434
			1 653 335	712 153	209 262	374 272	1 781 954

24. SHARE-BASED PAYMENTS CONTINUED

The fair value on grant date was determined using the Monte Carlo Simulation model and the following are the significant inputs in respect of grants during the years ended 31 March 2019 (grant on 20 September 2018), 31 March 2018 (grant on 29 May 2017) and 31 March 2017 (grant on 6 June 2016):

Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used for these awards.
Time constraints	Three years from grant date.
Performance (vesting) conditions	2019: 25% of the award will be subject to the Total Shareholder Return (TSR) condition, 25% to the Return on Capital Employed (ROCE) condition, 25% to a sugar production condition and 25% to the operating cash flow condition. No retesting of the performance conditions are allowed.
	2018: 40% of the award will be subject to the TSR condition, 40% to the ROCE condition and 20% to a sugar production condition. No retesting of the performance conditions are allowed.
Non-market performance conditions	ROCE, sugar production and the large land deals conditions and operating cash flow condition, where applicable.
Market performance conditions	TSR.
Weighted average remaining life	
– Expected	2019: 30 months, 2018: 14 months and 2017: 2 months.
– Contractual	36 months.

2010 Tongaat Hulett Long-term Incentive Plan – Retention Awards (RLTIP)

The RLTIP is a long term incentive for executive management, senior management and qualifying professional employees, but targeted at key and high potential employees for retention. Under the RLTIP participating employees are granted conditional awards which are converted into shares after a required service period is completed. Awards are forfeited in the case of voluntary resignation and dismissal with certain vesting conditions remaining in the case of retirement, disability, retrenchment and death.

Grant date	Financial year of grant	Vesting period Years	Fair value on grant date Rand	Outstanding and unvested conditional awards 31 March 2018 Number	Granted Number	Settled Number	Lapsed/ forfeited Number	Outstanding and unvested conditional awards 31 March 2019 Number
26 May 2014	**2015**	**4**	**89,38**	**130 406**	**–**	**126 021**	**4 385**	
28 May 2015	**2016**	**4**	**94,23**	**164 459**	**–**	**–**	**20 861**	**143 598**
6 June 2016	**2017**	**4**	**102,07**	**133 407**	**–**	**–**	**5 821**	**127 586**
29 May 2017	**2018**	**4**	**104,26**	**239 700**	**–**	**–**	**7 500**	**232 200**
2 January 2018	**2018**	**4**	**102,27**	**15 000**	**–**	**–**	**–**	**15 000**
20 September 2018	**2019**	**4**	**66,67**	**–**	**232 700**	**–**	**–**	**232 700**
22 September 2017	**2018**	**5**	**95,01**	**15 000**	**–**	**–**	**15 000**	
2 January 2018	**2018**	**5**	**99,61**	**15 000**	**–**	**–**	**–**	**15 000**
20 September 2018	**2019**	**5**	**61,69**	**–**	**15 000**	**–**	**–**	**15 000**
				712 972	**247 700**	**126 021**	**53 567**	**781 084**

Grant date	Financial year of grant	Vesting period Years	Fair value on grant date Rand	Outstanding and unvested conditional awards 31 March 2017 Number	Granted Number	Settled Number	Lapsed/ forfeited Number	Outstanding and unvested conditional awards 31 March 2018 Number
29 May 2013	2014	4	92,99	97 351	–	93 373	3 978	–
26 May 2014	2015	4	89,38	136 349	–	1 808	4 135	130 406
28 May 2015	2016	4	94,23	176 155	–	1 428	10 268	164 459
6 June 2016	2017	4	102,07	144 963	–	640	10 916	133 407
29 May 2017	2018	4	104,26	–	239 700	–	–	239 700
2 January 2018	2018	4	102,27	–	15 000	–	–	15 000
22 September 2017	2018	5	95,01	–	15 000	–	–	15 000
2 January 2018	2018	5	99,61	–	15 000	–	–	15 000
				554 818	284 700	97 249	29 297	712 972

24. SHARE-BASED PAYMENTS CONTINUED

The fair value on grant date was determined using the following significant inputs in respect of grants during the years ended 31 March 2019 (grant on 20 September 2018) and 31 March 2018 (grants on 29 May 2017, 22 September 2017 and 2 January 2018):

Expected option life	4 year grant: 46 months (assume contractual plus a leaving percentage of 5%). 5 year grant: 57 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used.
Time constraints	Four years from grant date. Five years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
– Expected	4 year grant: 20 September 2018: 42 months, 2 January 2018: 33 months, 29 May 2017: 26 months, 6 June 2016: 14 months and 28 May 2015: 2 months.
– Contractual	48 months.
– Expected	4 year grant: 20 September 2018: 54 months, 2 January 2018: 45 months and 22 September 2017: 42 months.
– Contractual	60 months.

Deferred Bonus Plan 2005 (DBP)

The DBP is a long-term incentive for selected executives. Under the DBP participating employees purchase shares in the Company with a portion of their after-tax bonus.

These pledged shares are held in trust by a third party administrator for a qualifying three-year period, after which the Company awards the employee a number of shares in the Company which matches those pledged shares which are then released from the trust, provided the employee has not resigned.

Grant date	Financial year of grant	Fair value on grant date Rand	Outstanding and unvested conditional awards 31 March 2017 Number	Granted Number	Settled Number	Lapsed/ forfeited Number	Outstanding and unvested conditional awards 31 March 2018 Number
25 May 2015	2016	103,99	60 909	–	60 909	–	–
30 May 2016	2017	104,47	44 464	–	–	3 671	40 793
29 May 2017	2018	107,05	94 000	–	–	10 383	83 617
			199 373	–	60 909	14 054	124 410

Grant date	Financial year of grant	Fair value on grant date Rand	Outstanding and unvested conditional awards 31 March 2017 Number	Granted* Number	Settled Number	Lapsed/ forfeited Number	Outstanding and unvested conditional awards 31 March 2018 Number
26 May 2014	2015	96,60	73 165	–	73 165	–	–
25 May 2015	2016	103,99	60 909	–	–	–	60 909
30 May 2016	2017	104,47	44 464	–	–	–	44 464
29 May 2017	2018	107,50	–	94 000	–	–	94 000
			178 538	94 000	73 165	–	199 373

** Deferred bonus shares purchased on 30 May 2017 by participating employees.*

24. SHARE-BASED PAYMENTS CONTINUED

The fair value on grant date was determined using the following significant inputs in respect of grants during the years ended 31 March 2019 (grant on 29 May 2018) and 31 March 2018 (grant on 29 May 2017):

Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,6% was used.
Time constraints	Three years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
– Expected	29 May 2017: 14 months and 30 May 2016: 2 months.
– Contractual	36 months.

BEE Share Ownership Plans

The BEE Share Ownership Plans consist of two plans that are in the process of winding down after the majority of grants were made on 1 August 2007 and vested on 1 August 2012.

Employee Share Ownership Plan (ESOP)

All shares granted in respect of ESOP have vested, with the exception of 32 331 ordinary shares that remain unallocated. There was no share-based payment expense in respect of the years ended 31 March 2018 or 31 March 2019.

Management Share Ownership Plan (MSOP)

Unallocated shares may be granted to management subject to a five year vesting period. Allocated shares that are forfeited become unallocated shares available for allocation, with no new shares issued to the plan. In summary the plan consisted of the following:

	31 March 2018	Granted*	Forfeited	31 March 2018
Unvested shares granted (number of shares)	208 885	35 000	(61 102)	182 783
Unallocated shares (number of shares)	72 813	(35 000)	61 102	98 915
	281 698	–	–	281 698

** The fair value of the shares granted was R79,73 on the grant date.*

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25. TAXATION

The taxation expense represents the sum of current taxation and deferred taxation. Taxation rates that have been used have been enacted or substantively enacted by the reporting date are used to determine the taxation balances.

	Group		Company	
R million	2019	2018 Restated	2019	2018 Restated
Current tax				
South African	**1**	21	**–**	–
Foreign	**230**	139	**–**	–
Prior year under/(over) provision	**57**	2	**–**	–
	288	162	**–**	–
Deferred tax				
South African	**193**	(26)	**(10)**	(1)
Foreign	**120**	(38)	**–**	–
Prior year under/(over) provision	**16**	1	**(5)**	1
	329	(63)	**(15)**	–
Foreign withholding tax	**23**	33	**19**	31
	23	33	**19**	31
Taxation charge/(relief) for the year	**640**	132	**4**	31
Unrecognised deferred tax assets	**(842)**	(414)	**(585)**	(389)

Deferred tax assets have not been recognised in respect of tax losses where management does not consider it probable that future taxable profit will be available against which the benefits therefrom will be utilised within the next three years.

Reconciliation of effective taxation rate

Rather than presenting either a numerical reconciliation between total tax expense and the product of accounting profit multiplied by the applicable tax rates, or a numerical reconciliation between the average effective rate and the applicable tax rate, the Group has elected to present both.

	Group				Company			
	2019		2018 Restated		2019		2018 Restated	
	%	R million	%	R million	%	R million	%	R million
(Loss)/profit before tax		**(154)**		(952)		**(903)**		(345)
Tax using the normal rate of South African tax	**(28,0)**	**(43)**	(28,0)	(267)	**(28,0)**	**(253)**	(28,0)	(97)
Adjusted for:								
Disallowed expenditure funded by exempt income	**9,1**	**14**	3,9	37	**–**	**–**	6,1	21
Disallowed interest expenditure	**50,0**	**77**	8,6	82	**8,5**	**77**	23,8	82
Dividends received from subsidiaries	**–**	**–**	–	–	**(16,2)**	**(146)**	(68,2)	(235)
Effect of different statutory taxation rates in foreign jurisdictions	**(14,9)**	**(23)**	(1,1)	(10)	**–**	**–**	–	–
Exempt government grant income	**(3,9)**	**(6)**	(0,3)	(3)	**(0,7)**	**(6)**	(0,9)	(3)
Impairment of assets and investments	**38,3**	**59**	6,2	59	**14,0**	**126**	9,6	33
Miscellaneous reconciling items	**11,0**	**17**	(2,0)	(19)	**0,2**	**2**	2,3	8
Portion of capital gain/loss not subject to tax	**–**	**–**	0,3	3	**(0,8)**	**(7)**	(9,0)	(31)
Prior year adjustments	**47,4**	**73**	0,3	3	**(0,4)**	**(4)**	0,3	1
Unrealised profits on intra-group land sales	**(11,0)**	**(17)**	(3,4)	(32)	**–**	**–**	–	–
Unrecognised tax losses	**302,6**	**466**	25,8	246	**21,7**	**196**	64,1	221
Withholding taxes	**14,9**	**23**	3,5	33	**2,1**	**19**	9,0	31
Effective rate of taxation	**415,5**	**640**	13,9	132	**0,5**	**4**	9,1	31

26. NET FINANCE COSTS/(INCOME)

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Net finance costs/(income) comprise:				
Finance costs relating to financial instruments measured at amortised cost:				
Financial institutions	**1 149**	1 074	**966**	950
Related parties	**–**	–	**55**	66
Net exchange losses on foreign currency borrowings	**107**	7	**–**	–
Unwinding of discount on provisions	**164**	165	**50**	52
Other finance costs	**89**	33	**18**	7
	1 509	1 279	**1 089**	1 075
Less: amounts included in the cost of qualifying assets	**–**	(20)	**–**	(20)
	1 509	1 259	**1 089**	1 055
Finance income relating to financial instruments measured at amortised cost:				
Financial institutions	**(51)**	(76)	**(3)**	(3)
Pension fund employer surplus account	**(58)**	(59)	**(58)**	(59)
Other financial assets measured at amortised cost	**(39)**	(29)	**(10)**	(2)
	(148)	(164)	**(71)**	(64)
	1 361	1 095	**1 018**	991

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year, in this case nil% (2018: 8,75%).

27. DIVIDENDS

R million	Group 2019	Group 2018 Restated	Company 2019	Company 2018 Restated
Ordinary share capital				
Final for previous year, paid 28 June 2018: 60 cents (2018: 200 cents)	**81**	270	**81**	270
Interim for current year, nil (2018: 100 cents)	**–**	135	**–**	135
	81	405	**81**	405
Less: dividends relating to BEE SPV consolidation shares	**(15)**	(75)	**–**	–
	66	330	**81**	405

The Board has deemed it appropriate not to declare a final ordinary dividend for the year ended 31 March 2019.

28. EARNINGS AND HEADLINE LOSS PER SHARE

The calculation of basic earnings per share has been based on the loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	Group	
R million	**2019**	**2018**
Reconciliation of earnings:		
The calculation of basic and headline earnings per share is based on:		
Net loss attributable to owners of Tongaat Hulett	**(1 063)**	(1 159)
Adjusted for:		
Goodwill impairment	**–**	–
Profit/(loss) on disposal of land, cane roots and buildings	**1**	(3)
Tax effect of profit/(loss) on disposal of land, cane roots and buildings	**3**	4
Profit/(loss) on disposal of property, plant and equipment	**39**	(27)
Tax effect of (loss)/profit on disposal of property,plant and equipment	**(11)**	7
Impairment loss on property, plant and equipment	**240**	258
Tax effect of impairment loss on property, plant and equipment	**(3)**	(14)
Reversal of impairment loss on property, plant and equipment	**(305)**	–
Tax effect of reversal of impairment loss on property, plant and equipment	**78**	–
Profit/(loss) on disposal of intangible assets	**–**	–
Tax effect of profit/(loss) on disposal of intangible assets	**–**	–
Derecognition of growing crops and cane roots	**58**	–
Tax effect of derecognition of growing crops	**(15)**	–
Minority interest	**55**	(13)
Headline earnings	**(923)**	(947)
Number of shares:		
The weighted average number of shares in issue amount to	**112 277 295**	110 007 530

	Group	
Cents	**2019**	**2018**
Loss per share		
Basic and diluted loss	**(948)**	(1 054)
Headline loss per share		
Basic and diluted loss	**(823)**	(861)

The Group has potential ordinary shares held in the employee share option plan and management share option plan that have not vested or are unallocated, in addition to contingently issuable shares held by employees in terms of employee incentive schemes which are anti-dilutive for the years ended 31 March 2018 and 31 March 2019. The diluted loss per share and diluted headline loss per share have therefore been calculated based on the weighted average number of shares in issue.

29. RISK MANAGEMENT

29.1 CAPITAL RISK MANAGEMENT

As it currently stands, the Group's objective is to manage its capital to ensure that its operations are able to continue as a going concern and achieve a sustainable debt level given the events that have taken place and the position in which the Group currently finds itself (refer to *Going Concern* note). It would therefore be inappropriate to disclose the capital risk management in place at the respective reporting periods since inappropriate accounting practices were identified, resulting in restatements.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity.

As a result of a breach of the financial covenants, long-term borrowings have been classified as current at 31 March 2019, 31 March 2018 and 31 March 2017.

The financial covenant calculations were recomputed based on the restated results and it was therefore established that the Group failed to meet the covenant requirements.

Financial covenants
The Group's borrowings are subject to the following financial covenants:

	Group
	2019
Debt to Equity	**<1.20**
Debt to EBITDA	**<3.10**

Current management have implemented a turnaround plan, with a key focus being the restructuring of debt (refer to note 33 in respect of *Events Occurring After the Reporting Period*).

29.2 FINANCIAL RISK MANAGEMENT

In the normal course of its operations, the Group is exposed, in varying degrees, to a number of financial instrument related risks. Risk management is recognised as being dynamic, evolving and integrated in the core running of the business. During the period under review the Group's exposure to financial risk was managed by a predecessor management team. The disclosures therefore reflect risk strategies that were in place during such periods regardless of their effectiveness in addressing the risks faced by the Group. In addition, steps the new management is currently taking to better manage its financial risk exposure are disclosed, where appropriate, since a number of deficiencies were identified in the Group's overall financial risk management process. Consequently, the Board has implemented rigorous processes and internal controls relating to financial risk management. The Group's main focus remains on managing both the solvency and liquidity risks.

The Group's activities expose it to a variety of financial risks, including:

- credit risk
- market risk (including foreign currency risk, commodity price risk and interest rate risk)
- liquidity risk

The following table summarises the carrying amount of financial instruments recorded at 31 March 2019:

		Group	
R million	**Fair value level***	**2019**	**2018**
Financial assets			
Measured at amortised cost:			
Other non-current financial assets		**197**	264
Trade and other receivables**		**1 064**	1 394
Cash and cash equivalents***		**962**	2 723
Fair value through profit or loss:			
Listed equity investments	1	**8**	12
Derivative financial instruments	2	**12**	7
		2 243	4 400
Financial liabilities			
Measured at amortised cost:			
Trade and other payables**		**3 316**	3 397
Borrowings****		**11 438**	11 303
Fair value through profit or loss:			
Derivative financial instruments	2	**–**	8
		14 754	14 708

Notes
* *Refer to Significant accounting policies for details relating to the fair value hierarchy.*
** *The fair value of these instruments approximates their carrying value, due to their short-term nature.*
*** *The carrying value of cash is considered to reflect its fair value.*
**** *Since the Borrowings have been classified as current the fair value thereof approximates the carrying value as they are repayable on demand.*

29. RISK MANAGEMENT CONTINUED

29.2 FINANCIAL RISK MANAGEMENT CONTINUED

Valuation techniques used to determine fair values
Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- for foreign currency forwards – the present value of future cash flows based on the forward exchange rates at the balance sheet date;
- for foreign currency options – option pricing models; and
- for other financial instruments – discounted cash flow analysis.

Credit risk
Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt in accordance with the contractual terms. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Credit risk management and exposure
The Group's principal financial assets are cash and cash equivalents, trade and other receivables, other loans at amortised cost and derivative financial instruments.

The Group's maximum exposure to credit risk primarily arises from these financial assets and is as follows:

	Group	
R million	**2019**	**2018**
Cash and cash equivalents	**962**	2 723
Trade and other receivables	**1 064**	1 394
Derivative financial assets	**12**	7
Other non-current financial assets (other loans at amortised cost)	**197**	264
	2 235	4 388

The above financial instruments do not represent a concentration of credit risk because the Group deals with a variety of major banks, and its accounts receivable and loans are spread among a number of major industries, customers and geographic areas. The Group evaluates its concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate largely in independent markets. In addition, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparites having similar characteristics, with the exception of the DNA in Mozambique. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Where considered appropriate, use is made of credit guarantee insurance.

- Credit risk on land sales is now limited as the revenue recognition point has changed from date of signature to the date of registration of transfer which coincides with the receipt of the full land proceeds. In exceptional circumstances, when the property is transferred before full payment is received, a mortgage bond is registered against the title deed, in favour of the Group.
- Credit risk relating to sugar and starch operations is limited for the following reasons:
  - *South African sugar operations:* credit checks are undertaken and the credit quality of debtors is assessed in addition to obtaining guarantees from debtors and credit insurance guarantee cover thus limiting the credit exposure of the Group. Payment terms of sugar range from 7 to 14 days and up to 30 days for non-sugar products.
  - *Starch operations:* credit checks are undertaken and the credit quality of debtors is assessed. Customers include some of the largest local and multinational customers operating in key food and industrial sectors. Payment terms are generally 30 days.
  - *Mozambique sugar operations:* the majority of sales are made to the DNA that obtains bank funding to settle its purchases. Bearing this in mind there is an indirect exposure to the DNA borrowings.
  - *Zimbabwe sugar operations:* credit checks are undertaken and the credit quality of debtors is assessed. Payment terms are up to 21 days. Management is currently implementing policies relating to cash payment on delivery.

The Group's exposure in respect of other loans at amortised cost is limited as it is credit related and not economy related. Other loans at amortised cost relate to an amount owing in respect of the sale of shares, which are currently pledged as collateral and an amount owing by Star Africa and the Group is a party to a Scheme of Arrangement in regard to the amount it owes, refer to note 7.

The gross carrying amounts of financial assets best represent the maximum exposure to credit risk.

Impairment
- Trade and other receivables: refer to note 10
- Other loans at amortised cost: the amounts relating to other loans at amortised cost have been considered in terms of the expected credit loss model taking into consideration the following:
  - With respect to the deferred purchase consideration the shares are pledged as collateral and the value thereof has been taken into consideration.
  - With respect to Star Africa Corporation Limited, the Group was party to a Scheme of Arrangement relating to this debtor. The debtors ability to settle the outstanding amount is monitored.

29. RISK MANAGEMENT CONTINUED

29.2 FINANCIAL RISK MANAGEMENT CONTINUED

Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and interest rates (see below). The Group enters into a variety of derivative financial instruments to manage its exposure to commodity and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the export of goods; and
- commodity futures to mitigate the price risk of purchased inventory.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities and the Group's net investments in foreign subsidiaries. Foreign exchange risk is managed through the adoption of a framework which governs, amongst other things, the current exposure, the decision to hedge an exposure, identification of the hedged item, checking the effectiveness of the hedged item and the applicable hedge ratio.

In the normal course of business, the Group enters into transactions denominated in foreign currencies. As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. In principle it is the policy to cover foreign currency exposure in respect of liabilities and purchase commitments and an appropriate portion of foreign currency exposure on receivables. There were no speculative positions in foreign currencies at year end. All foreign exchange contracts are supported by underlying transactions. The Group is not reliant on imported raw materials to any significant extent. The fair values of the forward exchange contracts are established by reference to quoted prices and are categorised as Level 1 under the fair value hierarchy and are accounted for as cash flow hedges.

The fair value of forward exchange contracts is summarised as follows, with derivative exposure at a minimal level whether or not hedge accounting is applied:

	Group		Company	
R million	**Fair value of FEC 2019**	**Fair value of FEC 2018**	**Fair value of FEC 2019**	**Fair value of FEC 2018**
US Dollar	**2**	7	**1**	7
	2	7	**1**	7

The hedges in respect of imports and exports are expected to mature within approximately one year.

The Group has the following uncovered foreign receivables:

	Group		Company	
R million	**2019**	**2018**	**2019**	**2018**
Australian Dollar	**37**	50	**37**	50
US Dollar	**263**	30	**65**	30
New Zealand Dollar	**6**	4	**4**	–
Euro	**3**	–	**–**	–
	309	84	**106**	80

The Group is mainly exposed to the Australian Dollar, US Dollar, and the New Zealand Dollar.

The sensitivity analysis below indicates the impact on the Group's profit resulting from the revaluing of unhedged and uncovered foreign currency denominated monetary items as at the end of the reporting period. The effect on equity is calculated as the after tax effect on profit and loss. The effect of translation of results into presentation currency of the Group is excluded from the information provided as this represents translation risk.

The table details the Group's sensitivity to a 10 per cent increase and decrease in currency units against the relevant foreign currencies and their impact on equity and profit. Ten per cent 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 10 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where currency units strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of currency units against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

29. RISK MANAGEMENT CONTINUED

29.2 FINANCIAL RISK MANAGEMENT CONTINUED

	Group			
	Profit and loss		Equity, net of tax	
R million	**2019**	**2018**	**2019**	**2018**
10% movement:				
Australian Dollar	**4**	5	**3**	4
US Dollar	**26**	3	**18**	2
New Zealand Dollar	**1**	–	**–**	–

Borrowings not in functional currency

The Group has exposure to foreign currency risk in respect of the following borrowings and intercompany payables that are not denominated in the functional currency of the foreign operation to whom they apply:

R million	Currency	10% devaluation of functional currency of foreign operation	Increase in loss 2019	Increase in loss 2018	2019	2018
Mozambique						
General short-term banking facilities	ZAR	ZAR:MT	**(25)**	(56)	**58**	110
Intercompany payable owing to Tongaat Hulett Limited	ZAR	ZAR:MT	**(57)**	(59)	**130**	116
Intercompany payable owing to Tongaat Hulett Limited	ZAR	ZAR:MT	**(126)**	(91)	**288**	179
			(208)	(206)	**476**	405
Zimbabwe						
General short-term banking facilities	USD	USD:RTGS	**(43)**	n/a	**245**	20
Intercompany payable owing to Tongaat Hulett Limited	ZAR	ZAR:RTGS/ ZAR:USD	**(27)**	(16)	**58**	163
			(70)	(16)	**303**	183

Commodity price risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the prices of commodities. To hedge prices for the Group's substantial commodity requirements, commodity futures and options are used, including fixed and spot-defined forward sales contracts and call and put options.

The Group applies fair value hedge accounting to its unpriced maize procurement contracts and commodity futures.

The fair value of the commodity futures contracts, which are set out below, were established by reference to quoted prices and are categorised as Level 1 under the fair value hierarchy.

Hedging instrument	Nominal amount of the hedging instrument R	Carrying amount of the hedging Instrument	
		Assets R million	Liabilities R million
2019			
Commodity Price Risk			
Priced with Customers and Farmers but not yet delivered – Asset[1]	**403 389 739**	**46**	**–**
Priced with Customers and Farmers but not yet delivered – Liability[1]	**403 389 739**	**–**	**(35)**
Priced with Customers but not with Farmers – Asset[2]	**–**	**–**	**–**
Priced with Customers but not with Farmers – Liability[2]	**41 085 000**		**(1)**
Priced with Farmers but not with Customers and not delivered – Asset[3]	**164 128 500**	**1**	**–**
Priced with Farmers but not with Customers and not delivered – Liability[3]	**30 742 400**	**–**	**–**
	–	**47**	**(36)**
Net balance – derivative instruments	**–**	**11**	**–**

Notes:

1 *When priced with farmers and customers and not delivered, there are hedging instruments on both firm commitments and the accumulated movements on the firm commitments are used to adjust the carrying value of the maize once it is delivered.*

2 *When priced with customer and not farmers, the hedged item is the firm commitment, being the promise to deliver starch to the customers, and once done the accumulated movements are taken to the cost of the starch, being cost of sales.*

3 *When priced with farmers and not customers, and not delivered; the hedged item it the commitment to buy maize/take delivery of maize and the accumulated movements are taken to the cost of maize on delivery.*

29. RISK MANAGEMENT CONTINUED

29.2 FINANCIAL RISK MANAGEMENT CONTINUED

Hedged item	Carrying amount of the hedging instrument Assets R million	Carrying amount of the hedging instrument Liabilities R million
2019		
Commodity Price Risk		
Priced with Customers and Farmers but not yet delivered – Asset[1]	**35**	**–**
Priced with Customers and Farmers but not yet delivered – Liability[1]	**–**	**(46)**
Priced with Customers but not with Farmers – Asset[2]	**–**	**–**
Priced with Customers but not with Farmers – Liability[2]	**1**	**–**
Priced with Farmers but not with Customers and not delivered – Asset[3]	**–**	**(1)**
Priced with Farmers but not with Customers and not delivered – Liability[3]	**–**	**–**
	36	**(47)**
Net balance – inventories	**–**	**(11)**

Borrowings not in functional currency

Hedging instrument	Nominal amount of the hedging instrument R	Carrying amount of the hedging Instrument Assets R million	Carrying amount of the hedging Instrument Liabilities R million
2018			
Commodity Price Risk			
Priced with Customers and Farmers but not yet delivered – Asset[1]	150 099 320	5	–
Priced with Customers and Farmers but not yet delivered – Liability[1]	150 099 320	–	(12)
Priced with Customers but not with Farmers – Asset[2]	7 819 500	–	–
Priced with Customers but not with Farmers – Liability[2]	2 606 500	–	–
Priced with Farmers but not with Customers and not delivered – Asset[3]	–	–	–
Priced with Farmers but not with Customers and not delivered – Liability[3]	31 695 100	–	(1)
	–	5	(13)
Net balance – derivative instruments	–	–	(8)

Hedged item	Carrying amount of the hedging instrument Assets R million	Carrying amount of the hedging instrument Liabilities R million
2018		
Commodity Price Risk		
Priced with Customers and Farmers but not yet delivered – Asset[1]	–	(5)
Priced with Customers and Farmers but not yet delivered – Liability[1]	12	–
Priced with Customers but not with Farmers – Asset[2]	–	–
Priced with Customers but not with Farmers – Liability[2]	–	–
Priced with Farmers but not with Customers and not delivered – Asset[3]	–	–
Priced with Farmers but not with Customers and not delivered – Liability[3]	1	–
	13	(5)
Net balance – inventories	8	–

Notes:
1. *When priced with farmers and customers and not delivered, there are hedging instruments on both firm commitments and the accumulated movements on the firm commitments are used to adjust the carrying value of the maize once it is delivered.*
2. *When priced with customer and not farmers, the hedged item is the firm commitment, being the promise to deliver starch to the customers, and once done the accumulated movements are taken to the cost of the starch, being cost of sales.*
3. *When priced with farmers and not customers, and not delivered; the hedged item it the commitment to buy maize/take delivery of maize and the accumulated movements are taken to the cost of maize on delivery.*

29. RISK MANAGEMENT CONTINUED

29.2 FINANCIAL RISK MANAGEMENT CONTINUED

Interest rate risk

Interest rate risk arises due to the fluctuations in interest rates which impacts cash flows.

The Group's exposure to the risk of changes in market interest rates relates primarily to the variable rate deposits and loans. The Group did not have any interest rate swaps in place. The Group's exposure to variable rate borrowings is included below:

An interest sensitivity analysis detailing 50 basis points adjustment to the effective interest has been set out below:

	Group					
			Profit and loss		Equity, net of tax	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Variable rate instruments:						
Trade finance	**357**	1 203	**2**	6	**2**	6
Term loans	**3 230**	3 892	**16**	19	**16**	19
Bonds	**1 100**	1 270	**6**	6	**6**	6
	4 687	6 365				

	Company					
			Profit and loss		Equity, net of tax	
R million	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Variable rate instruments:						
Trade finance	**357**	11 171	**2**	56	**2**	56
Term loans	**–**	–	**–**	–	**–**	–
Bonds	**–**	110	**–**	1	**–**	1
	357	11 281				

Refer to note 33 *Events Occurring After the Reporting Period* in respect of the restructuring of debt.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The Group monitored its liquidity requirements to ensure that it had sufficient cash to meet its operational needs. As at 31 March 2019, the Group contravened its financial covenants. Current management's key focus is on improving liquidity in the Group. They have taken active steps as described in note 33 *Events Occurring After the Reporting Period.*

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the contractual maturity dates essential for understanding the timing of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest repayments.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Group	Company
R million	**Due within one year**	**Due within one year**
2019		
Borrowings[1]	**11 437**	**9 887**
Trade payables	**1 204**	**570**
	12 641	**10 457**
2018		
Borrowings[1]	11 301	10 325
Trade payables	1 208	746
Derivatives	1	1
	12 510	11 072

Notes:
1 Borrowings have been classified as current due to breach of covenants. As a result all financial liabilities are due within one year and are not allocated to later periods. Refer to note 15 Borrowings.

30. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS IN SHARES

The Group's Executive Committee is responsible for the design and execution of the organisation's strategy and long-term business plans. All members of the Executive Committee report to the Chief Executive Officer and are viewed as Prescribed Officers within the meaning of the Companies Act 71 of 2008, as amended.

Executive directors' remuneration

The remuneration for the executive directors, who are also prescribed officers, was as follows:

2019

R'000	Cash package	Retirement and medical contributions	Share incentive gains	Other benefits	Termination benefits	Total
RD Aitken	**2 135**	**308**	**–**	**–**	**–**	**2 443**
JG Hudson	**1 100**	**149**	**–**	**2 014**	**–**	**3 263**
MH Munro	**1 954**	**293**	**793**	**–**	**–**	**3 040**
PH Staude	**5 492**	**785**	**2 164**	**2 959**	**4 274**	**15 674**
	10 681	**1 535**	**2 957**	**4 973**	**4 274**	**24 420**

The following executive director changes occurred during the year:

- RD Aitken was appointed as Interim Chief Financial Officer from 7 August 2018 until his appointment as Chief Financial Officer on 1 March 2019. Included in the cash package is an acting allowance of R416,000.
- JG Hudson was appointed Chief Executive Officer from 1 February 2019. Included in other benefits is a sign-on bonus of R2 million.
- MH Munro resigned as Chief Financial Officer of the Company and Executive Director of the Board with effect from 7 August 2018. Mr Munro took a medical leave of absence from 13 June 2018 to the effective date of resignation.

  PH Staude retired as Chief Executive Officer of the Company and Executive Director of the Board on 31 October 2018. Other benefits includes leave encashment.

2018

R'000	Cash package	Retirement and medical contributions	Share incentive gains	Other benefits	Termination benefits	Total
PH Staude	8 799	1 308	8 629	–	–	18 736
MH Munro	5 197	779	2 179	–	–	8 155
	13 996	2 087	10 808	–	–	26 891

Other prescribed officers' remuneration

The remuneration for additional prescribed officers' was as follows:

2019

R'000	Cash package	Retirement and medical contributions	Share incentive gains	Other benefits	Termination benefits	Total
R Cumbi	**4 280**	**652**	**391**	**978**	**983**	**7 284**
M Deighton	**4 622**	**695**	**488**	**–**	**–**	**5 805**
G Macpherson	**4 356**	**605**	**485**	**–**	**–**	**5 446**
M Mohale	**4 402**	**689**	**491**	**1 174**	**1 637**	**8 393**
SD Mtsambiwa	**6 721**	**1 237**	**655**	**1 035**	**–**	**9 648**
	24 381	**3 878**	**2 510**	**3 187**	**2 620**	**36 576**

The following change occurred during the year:

- R Cumbi retired with effect from 31 March 2019. Other benefits includes leave encashment.
- M Mohale retired with effect from 28 February 2019. Other benefits includes leave encashment.
- SD Mtsambiwa was appointed as Interim Chief Executive Officer on 1 November 2018 until 31 January 2019. Included in other benefits are a relocation allowance of R552 000, rentals of R244 000, utilities of R13 000 and travel costs of R226 000. Exchange rate of 14,5 (2018: 12,9981) was used to convert US$ to Rand.
- No bonuses were paid to the executive directors due to the headline earnings threshold of R680 million (2018: R800 million) not being met.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2019

30. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS IN SHARES CONTINUED

Other prescribed officers' remuneration

2018

R'000	Cash package	Retirement and medical contributions	Share incentive gains	Other benefits	Termination benefits	Total
R Cumbi	4 000	607	1 133	–	–	5 740
M Deighton	4 280	642	2 115	–	–	7 037
G Macpherson	4 071	564	1 282	–	–	5 917
M Mohale	4 530	726	1 976	–	–	7 232
SD Mtsambiwa	6 018	1 183	1 272	–	–	8 473
	22 899	3 722	7 778	–	–	34 399

Executive directors' and prescribed officers' share incentive gain/value on settlement

The share incentive gain/value on settlement relates to the following:

- Share Appreciation Rights which had previously vested and have now been exercised and settled; and
- Long Term Incentive Plan and Deferred Bonus Plan which vested and were settled.

R'000	Share-based instrument	2019	2018
PH Staude	Share Appreciation Rights	**–**	4 328
	Long Term Incentive Plan	**1 094**	2 209
	Deferred Bonus Plan	**1 070**	2 092
		2 164	8 629
MH Munro	Share Appreciation Rights	**–**	595
	Long Term Incentive Plan	**464**	919
	Deferred Bonus Plan	**329**	665
		793	2 179
R Cumbi	Share Appreciation Rights	**–**	310
	Long Term Incentive Plan	**208**	451
	Deferred Bonus Plan	**183**	372
		391	1 133
M Deighton	Share Appreciation Rights	**–**	1 070
	Long Term Incentive Plan	**236**	510
	Deferred Bonus Plan	**252**	535
		488	2 115
G Macpherson	Share Appreciation Rights	**–**	314
	Long Term Incentive Plan	**226**	489
	Deferred Bonus Plan	**258**	479
		484	1 282
M Mohale	Long Term Incentive Plan	**259**	576
	Deferred Bonus Plan	**232**	506
	MSOP	**–**	894
		491	1 976
SD Mtsambiwa	Long Term Incentive Plan	**334**	716
	Deferred Bonus Plan	**321**	556
		655	1 272

Details of the executive directors' and prescribed officers' share-based instruments granted are contained on page 100.

30. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS IN SHARES CONTINUED

Non-executive directors' fee

R'000	2019	2018
SM Beesley	**1 097**	807
F Jakoet	**839**	704
J John	**786**	762
RP Kupara	**680**	542
TN Mgoduso	**633**	484
N Mjoli-Mncube	**1 222**	858
SG Pretorius	**1 050**	709
TA Salomao	**440**	354
CB Sibisi	**2 731**	1 676
L von Zeuner	**171**	–
	9 649	6 896

L von Zeuner was appointed with effect from 10 December 2018.

Declaration of full disclosure

Other than the remuneration disclosed in this note, which was paid by the Company, no consideration was paid to, or by any third party, or by the Company itself, in respect of services of the company's directors, as directors of the Company, during the year ended 31 March 2019.

Interest of directors and prescribed officers in share capital of the Company

The aggregate holdings as at 31 March 2019 of those directors of the Company holding issued ordinary shares of the Company are detailed below. Holdings are beneficial except where indicated otherwise.

	2019		2018	
R'000	Direct shares	Indirect shares	Direct shares	Indirect shares
Executive directors				
MH Munro (resigned on 7 August 2018)	**–**	**–**	150 460	–
PH Staude (retired on 31 October 2018)	**–**	**–**	417 494	–
	–	**–**	567 954	–
Prescribed officers				
R Cumbi (retired 31 March 2019)	**80 198**	**–**	74 588	–
M Deighton	**36 767**	**–**	30 260	–
G Macpherson	**42 184**	**–**	35 692	–
M Mohale (retired 28 February 2019)	**–**	**–**	67 444	–
SD Mtsambiwa	**42 416**	**–**	–	–
	201 565	**–**	207 984	–

30. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS IN SHARES CONTINUED

Interest of executive directors and prescribed officers of the company in share-based instruments

Share Appreciation Right Scheme 2005

	Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2018	Granted	Exercised	Lapsed/ forfeited	Number of rights 31 March 2019	Performance condition and time constrained
RD Aitken	20 September 2018	74,08	16,97	–	19 418	–	–	**19 418**	19 418
				–	19 418	–	–	**19 418**	19 418
M Deighton	29 May 2012	110,21	21,73	14 156	–		–	**14 156**	–
	28 May 2015	128,54	23,68	30 127	–	–	30 127	**–**	–
	6 June 2016	113,41	28,06	29 038	–	–	–	**29 038**	29 038
	29 May 2017	115,85	25,28	32 757	–	–	–	**32 757**	32 757
	20 September 2018	74,08	16,97	–	38 806	–	–	**38 806**	38 806
				106 078	38 806	–	30 127	**114 757**	100 601
G Macpherson	29 May 2012	110,21	21,73	12 646	–	–	–	**12 646**	–
	28 May 2015	128,54	23,68	29 061	–	–	29 061	**–**	–
	6 June 2016	113,41	28,06	27 749	–	–	–	**27 749**	27 749
	29 May 2017	115,85	25,28	31 157	–	–	–	**31 157**	31 157
	20 September 2018	74,08	16,97	–	36 569	–	–	**36 569**	36 569
				100 613	36 569	–	29 061	**108 121**	95 475
SD Mambila	29 May 2012	110,21	21,73	13 822	–	–	–	**13 822**	–
	28 May 2015	128,54	23,68	42 510	–	–	42 510	**–**	–
	6 June 2016	113,41	28,06	38 294	–	–	–	**38 294**	38 294
	29 May 2017	115,85	25,28	40 372	–	–	–	**40 372**	40 372
	20 September 2018	74,08	16,97	–	22 713	–	–	**22 713**	22 713
				134 998	22 713	–	42 510	**115 201**	101 379

30. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS IN SHARES CONTINUED

Interest of executive directors and prescribed officers of the company in share-based instruments continued

Long Term Incentive Plan 2005

	Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2018	Granted	Settled	Lapsed/ forfeited	Number of conditional awards 31 March 2018	Performance condition and time constrained
RD Aitken	20 September 2018	74,08	33,53	–	12 011	–		**12 011**	12 011
				–	12 011	–	–	**12 011**	12 011
M Deighton	28 May 2015	128,54	57,82	10 943	–	2 958	7 985	**–**	–
	6 June 2016	113,41	60,28	11 986	–	–	–	**11 986**	11 986
	29 May 2017	115,85	63,39	15 967	–	–	–	**15 967**	15 967
	20 September 2018	74,08	33,53	–	21 422	–	–	**21 422**	21 422
				38 896	21 422	2 958	7 985	**49 375**	49 375
G Macpherson	28 May 2015	128,54	57,82	10 555	–	2 853	7 702	**–**	–
	6 June 2016	113,41	60,28	11 454	–	–	–	**11 454**	11 454
	29 May 2017	115,85	63,39	15 187	–	–	–	**15 187**	15 187
	20 September 2018	74,08	33,53	–	20 188	–	–	**20 188**	20 188
				37 196	20 188	2 853	7 702	**46 829**	46 829
SD Mambila	28 May 2015	128,54	57,82	15 440	–	4 173	11 267	**–**	–
	6 June 2016	113,41	60,28	15 806	–	–	–	**15 806**	15 806
	6 June 2016	113,41	60,28	19 679	–	–	–	**19 679**	19 679
	29 May 2017	115,85	63,39	–	11 188	–	–	**11 188**	11 188
				50 925	11 188	4 173	11 267	**46 673**	46 673

30. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS IN SHARES CONTINUED

Interest of executive directors and prescribed officers of the company in share-based instruments continued

Long Term Incentive Plan 2005 – Retention Awards

	Expiring four years from	Grant price Rand	Fair value Rand	Number of conditional award 31 March 2018	Granted	Settled	Lapsed/ forfeited	Number of conditional award 31 March 2019	Performance condition and time constrained
RD Aitken	2 January 2018	113,63	102,27	15 000	–	–	–	**15 000**	15 000
	20 September 2018	74,08	66,67	–	5 000	–	–	**5 000**	5 000
				15 000	5 000	–	–	**20 000**	20 000
M Deighton	28 May 2015	128,54	94,23	10 000	–	–	–	**10 000**	10 000
				10 000	–	–	–	**10 000**	10 000
G Macpherson	28 May 2015	128,54	94,23	10 000	–	–	–	**10 000**	10 000
				10 000	–	–	–	**10 000**	10 000

Deferred Bonus Plan 2005

	Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2018	Granted	Delivered	Lapsed/ forfeited	Number of conditional awards 31 March 2019	Performance condition and time constrained
M Deighton	25 May 2015	131,27	103,99	3 188	–	3 188	–	**–**	–
	30 May 2016	113,06	104,47	2 991	–	–	–	**2 991**	2 991
	29 May 2017	115,85	107,05	4 339	–	–	–	**4 339**	4 339
				10 518	–	3 188	–	**7 330**	7 330
G Macpherson	25 May 2015	131,27	103,99	3 215	–	3 215	–	**–**	–
	30 May 2016	113,06	104,47	3 220	–	–	–	**3 220**	3 220
	29 May 2017	115,85	107,05	5 259	–	–	–	**5 259**	5 259
				11 694	–	3 215	–	**8 479**	8 479
S D Mtsambiwa	25 May 2015	131,27	103,99	4 071	–	4 071	–	**–**	–
	30 May 2016	113,06	104,47	3 054	–	–	–	**3 054**	3 054
				7 125	–	4 071	–	**3 054**	3 054

The share awards were made and exercised at various times and the average share price for the period was R67,55 (2018: R114,17).

30. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS IN SHARES CONTINUED

Interest of executive directors and prescribed officers of the company who retired/resigned during the year

Share Appreciation Right Scheme 2005

	Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2018	Granted	Exercised	Lapsed/ forfeited	Number of rights 31 March 2019	Performance condition and time constrained
R Cumbi	29 May 2012	110,21	21,73	11 436	–	–	–	**11 436**	–
	28 May 2015	128,54	23,68	26 474	–	–	26 474	**–**	–
	6 June 2016	113,41	28,06	26 793	–	–	–	**26 793**	26 793
	29 May 2017	115,85	25,28	30 614	–	–	–	**30 614**	30 614
	20 September 2018	74,08	16,97	–	35 932	–	–	**35 932**	35 932
				95 317	35 932	–	26 474	**104 775**	93 339
M Mohale	29 May 2012	110,21	21,73	15 277	–	–	–	**15 277**	–
	28 May 2015	128,54	23,68	33 277	–	–	33 277	**–**	–
	6 June 2016	113,41	28,06	31 025	–	–	–	**31 025**	31 025
	29 May 2017	115,85	25,28	34 671	–	–	–	**34 671**	34 671
	20 September 2018	74,08	16,97	–	40 314	–	–	**40 314**	40 314
				114 250	40 314	–	33 277	**121 287**	106 010
MH Munro	29 May 2012	110,21	21,73	22 439	–	–	22 439	**–**	
	28 May 2015	128,54	23,68	52 248	–	–	52 248	**–**	––
	6 June 2016	113,41	28,06	49 654	–	–	49 654	**–**	–
	29 May 2017	115,85	25,28	47 177	–	–	47 177	**–**	–
				171 518	–	–	171 518	**–**	–
PH Staude	29 May 2012	110,21	21,73	65 845	–	–	–	**65 845**	–
	28 May 2015	128,54	23,68	123 414	–	–	123 414	**–**	–
	6 June 2016	113,41	28,06	111 172	–	–	–	**111 172**	111 172
	29 May 2017	115,85	25,28	106 763	–	–	–	**106 763**	106 763
				407 194	–	–	123 414	**283 780**	217 935

30. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS IN SHARES CONTINUED

Interest of executive directors and prescribed officers of the company who retired/resigned during the year continued

Long Term Incentive Plan 2005

	Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2018	Granted	Settled	Lapsed/ forfeited	Number of conditional awards 31 March 2019	Performance condition and time constrained
R Cumbi	28 May 2015	128,54	57,82	9 615	–	2 599	7 016	**–**	–
	6 June 2016	113,41	60,28	11 059	–	–	–	**11 059**	11 059
	29 May 2017	115,85	63,39	14 923	–	–	–	**14 923**	14 923
	20 September 2018	74,08	33,53	–	19 836	–	–	**19 836**	19 836
				35 597	19 836	2 599	7 016	**45 818**	45 818
M Mohale	28 May 2015	128,54	57,82	12 087	–	3 267	8 820	**–**	–
	6 June 2016	113,41	60,28	12 806	–	–	–	**12 806**	12 806
	29 May 2017	115,85	63,39	16 900	–	–	–	**16 900**	16 900
	20 September 2018	74,08	33,53	–	22 255	–	–	**22 255**	22 255
				41 793	22 255	3 267	8 820	**51 961**	51 961
MH Munro	28 May 2015	128,54	57,82	19 753	–	5 339	14 414	**–**	–
	6 June 2016	113,41	60,28	21 334	–	–	21 334	**–**	–
	29 May 2017	115,85	63,39	22 996	–	–	22 996	**–**	–
				64 083	–	5 339	58 744	**–**	–
PH Staude	28 May 2015	128,54	57,82	46 660	–	12 612	34 048	**–**	
	6 June 2016	113,41	60,28	47 766	–	–	–	**47 766**	47 766
	29 May 2017	115,85	63,39	52 041	–	–	–	**52 041**	52 041
				146 467	–	12 612	34 048	**99 807**	99 807

30. DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION AND INTERESTS IN SHARES CONTINUED

Interest of executive directors and prescribed officers of the company who retired/resigned during the year continued

Long Term Incentive Plan 2005 – Retention Awards

	Expiring five years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2018	Granted	Settled	Lapsed/ forfeited	Number of conditional awards 31 March 2019	Performance condition and time constrained
M Mohale	22 September 2017	108,39	95,01	15 000	–	–	15 000	–	–
				15 000	–	–	15 000	–	–

Deferred Bonus Plan 2005

	Expiring three years from	Grant price Rand	Fair value Rand	Number of conditional awards 31 March 2018	Granted	Delivered	Lapsed/ forfeited	Number of conditional awards 31 March 2019	Performance condition and time constrained
R Cumbi	25 May 2015	131,27	103,99	2 317	–	–	2 317	–	–
	30 May 2016	113,06	104,47	1 801	–	–	–	**1 801**	1 801
	29 May 2017	115,85	107,05	5 073	–	–	–	**5 073**	5 073
				9 191	–	–	2 317	**6 874**	6 874
M Mohale	25 May 2015	131,27	103,99	2 891	–	–	2 891	–	–
	30 May 2016	113,06	104,47	2 153	–	–	–	**2 153**	2 153
	29 May 2017	115,85	107,05	5 011	–	–	–	**5 011**	5 011
				10 055	–	–	2 891	**7 164**	7 164
MH Munro	25 May 2015	131,27	103,99	4 114	–	4 114	–	–	–
	30 May 2016	113,06	104,47	3 092	–	–	3 092		–
	29 May 2017	115,85	107,05	6 657	–	–	6 657	–	–
				13 863	–	4 114	9 749	–	–
PH Staude	25 May 2015	131,27	103,99	13 405	–	13 405	–	–	–
	30 May 2016	113,06	104,47	9 301	–	–	–	**9 301**	9 301
	29 May 2017	115,85	107,05	19 883	–	–	–	**19 883**	19 883
				42 589	–	13 405	–	**29 184**	29 184

The share awards were made and exercised at various times and the average share price for the period was R67,55 (2018: R114,17).

31. COMMITMENTS AND CONTINGENCIES

Operating leases

The Group leases a number of sugar storage warehouses in South Africa under operating leases. The leases typically run for a period of up to one year. Certain operating commitments relating to vehicles and office equipment also exist with lease periods of up to five years.

	Group		Company	
R million	**2019**	**2018**	**2019**	**2018**
Operating lease commitments, amounts due:				
Not later than one year	**26**	24	**22**	24
Later than one year and not later than five years	**28**	1	**29**	1
Later than five years	**–**	1	**–**	1
	54	26	**51**	26
In respect of:				
Property	**54**	26	**51**	26
Vehicles and office equipment	**–**	–	**–**	–
	54	26	**51**	26

The operating leases relating to property are mainly in respect of sugar storage warehouses in South Africa with lease periods of up to one year.

Capital Expenditure

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Group		Company	
R million	**2019**	**2018**	**2019**	**2018**
Contracts for capital expenditure authorised	43	916	34	87
Approved but not contracted	46	133	35	101

These commitments relate to expenditure on property, plant, equipment and intangible assets. It is anticipated that this expenditure will be financed by existing borrowing facilities and internally generated funds.

Subsequent to the reporting date the majority of the capital expenditure was suspended due to the Group's liquidity constraints.

Guarantees and contingent liabilities

	Group		Company	
R million	**2019**	**2018**	**2019**	**2018**
Infrastructure commitments in respect of income received in advance	**61**	490	**2**	3

Tongaat Hulett Developments Proprietary Limited guarantees the unsecured loan facility of Tongaat Hulett Limited, to the extent of its assets.

Refer to note 15 *Borrowings* for further details.

32. RELATED PARTY TRANSACTIONS

Transactions between Group subsidiaries and joint operations

During the year Tongaat Hulett, in the ordinary course of business, entered into various related party sales, purchases and investment transactions. These transactions occurred under terms that are no less favourable than those arranged with third parties. Intra-group transactions with subsidiaries are eliminated on consolidation.

The Group's noteworthy subsidiaries are disclosed in note 5.

Transactions with equity accounted associate

Refer to note 6 for further information.

Key management personnel

Key management personnel remuneration is set out below. Further details are provided in note 30.

Transactions between the Group and its related parties are disclosed below.

	Group		Company	
R million	**2019**	**2018**	**2019**	**2018**
Goods and services				
Between the Company and its subsidiaries	**–**	–	**697**	609
Transacted with/between joint venture (DNA) within Tongaat Hulett	**1 267**	1 495	**–**	–
Administration fees and other income				
Between the Company and its subsidiaries	**–**	–	**129**	134
Interest received/paid				
Paid by the Company to its subsidiaries	**–**	–	**55**	66
Sale/transfer of fixed assets and intangible assets				
Between the Company and its subsidiaries	**–**	–	**24**	156
Loan balances				
Between the Company and its subsidiaries (note 5)	**–**	–	**1 180**	44
Pension Fund loan payable	**112**	102	**112**	102
Dividends				
Between the Company and its subsidiaries	**–**	–	**523**	840

33. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is a significant period of time between the reporting date and the date of authorising these consolidated financial statements. The subsequent events below were carefully assessed to ensure that all material events have been disclosed.

Turnaround plan

Significant progress continues to be made in the implementation of the turnaround plan which is aimed at reducing costs and re-baselining the Group's cost basis. The various turnaround initiatives are geared towards delivering cash flow improvements above the budget baseline over a two-year period. Meaningful progress has been made and the Group has already started benefiting from cost savings. As part of the turnaround plan a summary of the PwC Forensic Investigation has been made public and the Board and management team are developing a robust remedial plan that will contribute to significantly improving the operations and oversight of the business and governance at all levels within the organisation.

Covenant waiver

In South Africa, a covenant waiver was concluded with various lenders on May 2019 in respect of the financial covenant breach relating to debt outstanding at 31 March 2019. In order to effect the financial covenant waiver Tongaat Hulett provided certain assets as security. Subsequently the debt has been restructured and the financial covenant waiver will remain in place until the refinancing becomes effective, as set out in the debt restructuring paragraph.

In Mozambique, waiver and standstill agreements in respect of debt owed to lenders of the Mozambique operations, to cover a period of at least 12 months, are in an agreed form and are likely to be concluded by the end of December 2019.

Debt restructuring

As part of its debt restructuring initiative, the South African Group has entered into new senior term loan facilities, senior revolving credit facilities and overdraft facilities (New SA Facilities) on new commercial terms including the provision of security. The New SA Facilities will be used to primarily refinance amounts owing to lenders in South Africa under existing facilities and to fund general corporate and working capital requirements. At the date of this report the outstanding conditions precedent to bring into effect the New SA Facilities are considered administrative in nature with a low risk of not being met (refer to the *Going Concern* note).

The New SA Facilities are:

<table>
<tr><th></th><th>Facility A</th><th>Facility B</th><th>Facility C</th><th>Facility D</th></tr>
<tr><td>Facility amount (R million)</td><td>9 092</td><td>2 200</td><td>553</td><td>47</td></tr>
<tr><td>Type</td><td>Term Loan Facility</td><td>Revolving Loan Facility</td><td>Revolving Loan Facility</td><td>Seasonal Term Loan Facility</td></tr>
<tr><td>Purpose</td><td>To refinance the existing financial indebtedness owing</td><td>To refinance any residual existing financial indebtedness following application of the proceeds from the utilisation of facility A, and thereafter, Facility B may be used for the general corporate and working capital purposes.</td><td colspan="2">Working capital and general corporate purposes of the Sugar Business</td></tr>
<tr><td>Termination date</td><td>31 March 2021 or
such later date as agreed</td><td>31 March 2021 or
such later date as agreed</td><td colspan="2">The earlier of (i) 31 March 2020 and (ii) the date on which SASA advances seasonal funding to the Borrower for 2020.</td></tr>
<tr><td>Margin</td><td colspan="4">Based on JIBAR depending on various factors relating to levels of debt.</td></tr>
<tr><td>Margin step-up: failure to reach debt reduction milestones [PIK interest]</td><td colspan="4">PIK Interest to accrue (over and above any default interest or any step-up occurring as a result of any default) on all outstanding amounts at the rates determined in accordance with a margin ratchet mechanism subject to certain conditions.</td></tr>
<tr><td>Partial Prepayments Waterfall: Mandatory Prepayments</td><td colspan="4">Debt reduction proceeds to be applied as follows:
• first, towards the payments of all cost, expense, losses, taxes, and/or breakage costs then payable to the lenders;
• second, towards the prepayment of accrued and unpaid interest (including roll-up interest but excluding PIK interest) and fees under the facilities.
• third, towards the prepayment of the principal amount of the Facility A Loan and Facility B Loans and the pro tanto cancellation of Facility B Commitments, provided that each Senior Lender which then has an outstanding participation in the Facility A Loan and the Facility B loan shall first apply the applicable prepayment proceeds in prepayment of its participation in the Facility A Loan and thereafter in the prepayment of its participation in such Facility B Loans and pro tanto cancellation of its Facility B Commitment;
• fourth, towards the prepayment of the principal amount of the Facility C and Facility D Loans and the pro tanto cancellation of Facility C and Facility D Commitments;
• fifth, towards the repayment of all amounts owing and the prepayment of all other outstanding and utilisations (excluding any Excluded Ancillary Facilities Outstanding's);
• sixth, towards paying accrued unpaid PIK interest;
• seventh, towards prepayment of facilities provided to the Starch Business; and
• eighth; towards the prepayment or repayment of any Excluded Ancillary Facility Outstanding.
All proceeds received from SASA in connection with any funding made available by SASA shall first be applied in mandatory prepayment and cancellation of Facility C Loans and facility D Loans, and any balance remaining following such application can be applied for general corporate purposes.</td></tr>
</table>

33. EVENTS OCCURRING AFTER THE REPORTING PERIOD CONTINUED

Financial Covenants	**Discussion Circumstances Meeting** • If the ratio of Total Debt to EBITDA for the period of 12 (twelve) months ending on 30 September 2020 ("Measurement Date") is more than 3x • if the forecast ratio of Total Debt to EBITDA for the period of 12 (twelve) months commencing on the Measurement Date is more than 2.5x **Event of Default** • Parties fail to reach an agreement regarding the proposed financial covenant remediation within 14 days following the Discussions Circumstances Meeting or the borrower fails to comply with the agreed proposed financial remediation within 14 days of the same being agreed • Ratio of Total Debt to EBITDA for the period of 12 (twelve) months ending on the Measurement Date is greater than 3.5x

The Group has agreed with the South African Lenders that they will execute a plan to reduce the level of debt by R8.1 billion through the sale of assets and/or equity capital raising by 31 March 2021. Specific key test dates have been put in place as described in the *Going Concern* disclosure.

Disposal of core and non-core assets

In order to meet debt reduction milestones arising from the debt restructure management has identified various core and non-core assets, which could be disposed of and has embarked on various initiatives simultaneously to potentially dispose of these assets in an organised manner and at reasonable prices. The Group has received non-binding expressions of interest in relation to various operations and assets within the Group. In November 2019, the Group disposed of its 51% stake in Tongaat Hulett Namibia (THN). The disposal, whilst subject to certain conditions, is expected to result in gross proceeds of R112 million and has been disclosed as an asset classified as held for sale at 31 March 2019.

Pension fund employer surplus account

The Group is in the process of liquidating the Tongaat Hulett Pension Fund surplus and expects to receive the proceeds of R500 million before 30 June 2020 which will be used to meet debt reduction milestones.

Unwind of 2007 broad-based black economic empowerment equity transaction and resultant transfer of shares.

In April 2019, FirstRand Bank Limited, acting through its Rand Merchant Bank division ("RMB"), and Depfin Investments Proprietary Limited, a wholly owned subsidiary of Nedbank Limited ("Nedbank") ("the Preference Share Funders") exercised their security rights relating to the redeemable preference shares ("Preference Shares") for which they subscribed for in two Broad-Based Black Economic Empowerment ("B-BBEE") special purpose vehicles ("SPVs") that had acquired 25.1 million shares in Tongaat Hulett in 2007. Accordingly RMB and Nedbank have transferred the Tongaat Hulett shares held by the SPVs into their own names, towards the redemption of the Preference Shares. The Preference Share Funders did not have any recourse to Tongaat Hulett for payment of the redemption amount. As a result of the breach in share cover ratio and subsequent decline of the Tongaat Hulett share price the Group had already deconsolidated the SPVs in February 2019 as these were now controlled by the Preference Share Funders.

Corporate activity after the reporting date

On 10 June 2019, the listing of the Company's securities on the Johannesburg Stock Exchange and the London Stock Exchange were suspended following a voluntary request by the Tongaat Hulett Board.

Due to low trade volumes and the cost of maintaining a secondary listing, Tongaat Hulett delisted its shares from the London Stock Exchange, effective 5 September 2019. Shareholders on the United Kingdom share register were transferred onto the South African share register.

Governance changes

Effective 31 May 2019
Mrs Jenitha John, an Independent Non-Executive Director and Chairman of the Audit and Compliance Committee stepped down. Ms Fatima Daniels assumed the responsibility of Audit and Compliance Committee Chairman.

Effective 30 September 2019
Mr Bahle Sibisi stepped down as Chairman and Non-Executive Director of the Board and was replaced by Mr Louis von Zeuner.

To further revitalise the Board, various other changes were effected:

- Non-Executive Directors that stepped down: Ms Rachel Kupara, Ms Thandeka Mgoduso, Mr Brand Pretorius, Dr Tomaz Salomao
- Appointment of new Non-Executive Directors: Mr Andile Sangqu, Ms Linda de Beer, Mr Jean Nel, Mr Robin Goetzsche
- Appointment of a new Executive Director: Mr Dan Marokane

Financial Services Conduct Authority (FSCA) investigation

The investigation by the FSCA relating to the potential contravention of Section 81 of the Financial Markets Act, is pending the finalisation of the release of the March 2019 financial results, now that the PwC forensic investigation is complete.

Hyperinflation impacting Zimbabwean entities

In July 2019, it was reported that Zimbabwe's annualised inflation had increased to 175,66%. Qualitative indicators support the conclusion that Zimbabwe is now a hyper-inflationary economy for accounting purposes. For the year ended 31 March 2020 the Group will apply the requirements of IAS 29 *Financial Reporting in Hyper-Inflationary Economies* in respect of foreign operations with RTGS as their functional currency. The impact of this has not yet been determined.

No other material events occurred since the date of these consolidated financial statements and the date of approval thereof, the knowledge of which would affect the ability of the users of these statements to make proper evaluations and decisions.

SHARE OWNERSHIP ANALYSIS
as at 31 March 2019

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	5 488	71,88	1 480 594	1,10
1 001 – 10 000	1 594	20,88	4 851 400	3,59
10 001 – 100 000	421	5,51	13 591 954	10,06
100 001 – 1 000 000	114	1,49	34 748 686	25,72
Over 1 000 000	18	0,24	80 439 872	59,54
Total	7 635	100,00	135 112 506	100,00
Distribution of shareholders				
Banks	40	0,52	133 996	0,10
BEE Infrastructure and yoMoba SPV's	2	0,03	25 104 976	18,58
Close Corporations	47	0,62	51 975	0,04
Endowment Funds	68	0,89	613 387	0,45
Individuals	6 062	79,40	7 353 486	5,44
Insurance Companies	63	0,83	4 071 995	3,01
Investment Companies	20	0,26	86 254	0,06
Medical Aid Funds	18	0,24	152 121	0,11
Mutual Funds	290	3,80	49 599 898	36,71
Nominees and Trusts	586	7,68	3 977 267	2,94
Other Corporations	10	0,13	175 336	0,13
Pension Funds	243	3,18	41 686 995	30,85
Private Companies	175	2,29	1 169 295	0,87
Public Companies	4	0,05	274 825	0,20
Share Schemes	7	0,09	660 700	0,49
Total	7 635	100,00	135 112 506	100,00
Shareholder type				
Non-public shareholders	10	0,13	43 095 765	31,90
Directors and associates of the company	–	0,00	–	0,00
BEE Entities	2	0,03	25 104 976	18,58
Share schemes	7	0,09	660 700	0,49
Shareholder holding > 10% of the shares in issue				
Government Employees Pension Fund	1	0,01	17 330 089	12,83
Public shareholders	7 625	99,87	92 016 741	68,10
Total	7 635	100,00	135 112 506	100,00

SHARE OWNERSHIP ANALYSIS CONTINUED

as at 31 March 2019

	Number of shares	% of issued shares
Fund managers with a holding greater than 3% of the issued shares		
Public Investment Corporation	**18 625 287**	**13,79**
PSG Asset Management	**14 642 826**	**10,84**
Investec Asset Management	**13 849 652**	**10,25**
Allan Gray	**10 032 929**	**7,43**
Kagiso Asset Management	**7 070 519**	**5,23**
Dimensional Fund Advisors	**5 102 979**	**3,78**
Total	**69 324 192**	**51,31**
Beneficial shareholders with a holding greater than 3% of the issued shares		
Government Employees Pension Fund	**21 094 817**	**15,61**
Th Development Infrastructure Spv	**13 947 209**	**10,32**
PSG	**13 826 793**	**10,23**
Yomoba Spv (Pty) Ltd	**11 157 767**	**8,26**
Allan Gray	**7 325 985**	**5,42**
Investec	**5 906 298**	**4,37**
Dimensional Fund Advisors	**4 372 621**	**3,24**
Total	**77 631 490**	**57,46**

Total number of shareholdings	**7 635**
Total number of shares in issue	**135 112 506**
Share price performance	
Opening price 3 April 2018	**R104,99**
Closing price 29 March 2019	**R21,56**
Closing high for period	**R101,54**
Closing low for period	**R16,00**
Number of shares in issue	**135 112 506**
Volume traded during period	**90 626 880**
Ratio of volume traded to shares issued (%)	**67,08%**
Rand value traded during the period	**R5 476 068 003**
Price/earnings ratio as at 29 March 2019	**19,06**
Earnings yield as at 29 March 2019	**5,25**
Dividend yield as at 29 March 2019	**2,23**
Market capitalisation at 29 March 2019	**R2 913 025 629**