

Tongaat Hulett Limited
 (Registration number 1892/000610/06)
 Share code: TON
 ISIN ZAE000096541
 ("Tongaat Hulett", or "the Group" or "the Company")

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

SALIENT FEATURES
<ul style="list-style-type: none"> Continued progress with the business turnaround strategy
<ul style="list-style-type: none"> Strong local sugar demand across all geographies and market share gains
<ul style="list-style-type: none"> Ongoing improvements in ESG
<ul style="list-style-type: none"> Net finance costs down 50% on reduced debt and favourable exchange rate movements
<ul style="list-style-type: none"> Debt refinancing agreements concluded in South Africa and Mozambique
<ul style="list-style-type: none"> Up to R4 billion equity capital raise initiated and partial underwriting of R2 billion for rights offer secured
<ul style="list-style-type: none"> Dividends and management fees of R140 million received from Zimbabwe
<ul style="list-style-type: none"> The financial results have been impacted by the following:
<ul style="list-style-type: none"> - Lower raw sugar production
<ul style="list-style-type: none"> - Land sales delayed by civil riots
<ul style="list-style-type: none"> - Zimbabwe hyperinflation dynamics
<ul style="list-style-type: none"> - Restatements arising from correction of prior period errors
<ul style="list-style-type: none"> - R158 million impact of civil unrest on profits of the South African sugar operation
<ul style="list-style-type: none"> - Group taxation at an effective 97% tax rate due to deferred tax on losses not recognised
<ul style="list-style-type: none"> - Partial contribution from the disposed of starch and glucose, Namibia and Eswatini operations in the comparative period

Group financial results (including the discontinued starch operation) ¹

- Basic loss per share of 174 cents
(September 2020: earnings per share of 214 cents)
- Headline loss per share of 188 cents
(September 2020: headline earnings per share of 178 cents)

Group results from continuing operations ¹

- Revenue up 5% to R8.5 billion
(September 2020: R8.1 billion)
- Operating profit down 23% to R1.3 billion
(September 2020: R1.7 billion)
- Adjusted EBITDA² down 33% to R1.5 billion
(September 2020: R2.3 billion)
- Hyperinflationary net monetary loss of R110 million
(September 2020: loss of R71 million)
- Basic loss of R234 million
(September 2020: earnings of R108 million)
- Basic loss per share of 174 cents
(September 2020: earnings per share of 80 cents)
- Headline loss of R254 million
(September 2020: earnings of R59 million)
- Headline loss per share of 188 cents
(September 2020: headline earnings per share of 44 cents)
- Segmental cash flows³ of R958 million
(September 2020: R1.4 billion)
- No dividend was declared in the current period
(September 2020: Rnil)

Disposal of businesses

In considering the comparative financial results, it should be noted that Tongaat Hulett disposed of its starch and glucose, Namibian packaging, and Eswatini agricultural operations during the 2021 financial year. The starch operation was classified as a discontinued operation in the 2020 financial results. The Namibian and Eswatini operations did not represent a separate major business segment and consequently remained classified as continuing operations. The results for the six months ended 30 September 2020 include financial contributions from the starch and glucose operation and the Eswatini operation for the full six months, and from the Namibian operation for a period of 3 months. All financial results reflect the continuing operations unless stated otherwise.

^{1.} Where applicable, comparative financial information has been restated for the correction of prior period errors.

^{2.} 'Adjusted EBITDA' (a non-IFRS measure) is defined as operating profit adjusted to exclude depreciation, amortisation, any impairment (or reversal thereof) of non-financial assets, any other non-trading, or non-recurring items, as well as fair value adjustments relating to biological assets.

^{3.} 'Segmental cash flows' (a non-IFRS measure) are defined as the total of cash flows from operating and investing activities excluding taxation paid, expansion capital expenditure, finance income, and proceeds received pursuant to the Group's debt reduction plan (other than land sales in the normal course of the property operations' business).

A reconciliation of the non-IFRS measures (per the above) to IFRS measures is provided in the interim financial statements.

INTRODUCTION

Tongaat Hulett's comprehensive turnaround strategy is centred around improving governance and management controls, reducing debt to a sustainable level, optimising operations, and repositioning the strategic focus of the Group. Steady progress continues to be made in the implementation of the turnaround strategy and in restoring the Group to a sustainable growth path. In addition to the implementation of a range of initiatives to improve operational performance and strengthen governance, the Group has substantially reduced its debt burden and improved cash flow, successfully repatriated dividends from Zimbabwe, invested in people and processes and strengthened its focus on ESG over the past two years. A reinvestment in capital expenditure has been initiated under a 5-year capital programme designed to sustain and improve all operations.

More recently, the refinance of the South African debt facilities has been concluded, an equity capital raise was initiated and a partial underwriting of R2 billion for the rights offer was secured. This notwithstanding having to navigate a difficult macro-economic context, significant weather-related challenges, hyperinflation in Zimbabwe, the continuation of the COVID-19 pandemic, and the civil unrest and related losses in South Africa.

Operationally, the Group experienced strong local demand across all sugar businesses and achieved good market share gains. Sugarcane yields have been under pressure across the region, and milling performance has generally been disappointing, impacted by COVID-related maintenance delays as well as significant challenges related to the civil riots in South Africa.

The Mozambique sugar operations delivered an excellent result, with strong growth in operating profit on the back of robust local sales. The Zimbabwe sugar operations benefitted from buoyant local sales but were materially impacted by the effects of hyperinflation. The South African sugar operations experienced a very challenging six months, while COVID-19 related challenges, civil riots and a weak economy continue to weigh on the revenue and profits of the property business.

Financial performance in the current period is notably skewed by the disposal of the Namibian and Eswatini operations, which contribute to the comparative results, as well as restatements of certain prior-year numbers. These are further elaborated on below.

FINANCIAL RESULTS

Revenue grew by 5% to R8.5 billion (September 2020: R8.1 billion, restated). Higher revenue in the Zimbabwe and Mozambique sugar operations was offset by the loss of revenue following the disposal of the Namibia and Eswatini operations. Revenue excluding the disposals increased by 10%. The gross profit margin of 33% was below the prior period of 35%.

Operating profit decreased by 23% to R1.3 billion (September 2020: R1.7 billion, restated). This movement mainly reflects the impact of lower sugar production in the South African operation, increased expenses in Zimbabwe and the R183 million benefit from the profit on disposal of the Namibian packaging operation in the prior period. Excluding the disposal of the Namibia operations, operating profit decreased by 10%. The Group reported an 'Adjusted EBITDA' of R1.5 billion (September 2020: R2.3 billion, restated), down 33% (or 30% excluding the disposals).

While inflation within the Zimbabwe economy has reduced notably over the past year, the impact of hyperinflation accounting continues to have a significant effect on reported profits and resulted in an increase in the non-taxable net monetary loss to R110 million (September 2020: R71 million, restated).

Net finance costs (including foreign exchange differences) were reduced by 50% to R525 million, benefitting from lower debt levels in South Africa following the conclusion of key debt reduction transactions in the prior year, and the non-repeat of a large foreign exchange loss in the prior year. Interest rates in Mozambique were however raised by 3% in January 2021, increasing the cost of debt in that country to more than 18%. Net finance costs settled in cash amounted to R423 million (September 2020: R656 million). Finance costs settled in cash continue to significantly constrain liquidity, again highlighting the urgency of the strategic imperative to reduce debt to an acceptable level and improve cash flows.

Profit before tax for the period improved by a pleasing 23% to R677 million due to the lower debt costs. However, taxation increased from R166 million to R654 million, at an effective tax rate of c.97%, due to deferred tax assets not being recognised on tax losses in South Africa and the non-deductible net monetary loss in Zimbabwe. The net effect of the factors above is a profit from continuing operations of R23 million (September 2020: profit of R385 million, restated). Profit from discontinued operations in the comparative period includes the contribution from the starch operation for the six months to 30 September 2020 of R171 million.

A further matter worth noting is that the majority of the profits were generated in Zimbabwe (where there is a significant minority shareholding), and the interest and tax are carried in South Africa. Consequently, Tongaat Hulett's share of the profits for the period was negative. As a result, the basic loss for the six months from continuing operations amounted to R234 million (September 2020: earnings of R108 million, restated), translating into a basic loss per share from continuing operations of 174 cents (September 2020: earnings per share is 80 cents, restated). Headline loss per share from continuing operations of 188 cents (September 2020: headline earnings per share of 44 cents, restated). No dividend was declared for the period. (September 2020: Nil).

Capital expenditure of R212 million was lower than the prior period of R234 million. The prior period included an amount of R40 million for the starch and glucose operations and R55 million related to the restoration of the second milling line at the Maidstone sugar mill in South Africa following the mothballing of the Darnall sugar mill.

IMPACT OF COVID PANDEMIC AND CIVIL UNREST

While health and safety-related concerns have been well managed, the COVID pandemic continued to present ongoing challenges, particularly in terms of its impact on the Group's maintenance schedules, with delayed maintenance leading to mill breakdowns.

Tongaat Hulett's South African operations were notably impacted by widespread civil unrest in KwaZulu-Natal during July 2021. The South African sugar operations were forced to shut under emergency-type conditions and remained shut for between six and eight days. Incidents of arson resulted in some 1 700 hectares of farmland under sugarcane being set alight. Substantial volumes of sugarcane that had been subjected to arson were required to be harvested and transported to the sugar mills. As a result, a considerable time elapsed before the sugarcane was crushed. The delay caused a number of processing inefficiencies which, together with start-up challenges after the unplanned stoppage, caused disruptions for the sugar mills and negatively affected operational performance.

In total, production capacity equivalent to c.34 500 tons of sugar was lost. The financial impact of lost production due to the riots is estimated at c. R158 million, and insurance claims are being progressed.


Furthermore, a third-party warehouse containing the Group's prepack sugar stock was looted during the unrest resulting in the loss of c.2 670 tons of sugar, which was readily available for sale. Consequently, the third party has been invoiced for the recovery thereof. The estimated value is R38 million and an interim payment of R12 million was received in November 2021 with the balance remaining outstanding.

The riots caused extensive damage to third-party properties in and around Tongaat Hulett's development precincts, including Cornubia and Bridge City. As a result, the Group has experienced delays in concluding transactions that were under negotiation, as customers reassessed their investment decisions. Ultimately, several transactions that were in progress have been cancelled.

The impact of the social unrest and riots, together with other operational challenges, placed further pressure on the Group's liquidity in South Africa and necessitated the renegotiation of certain terms of the debt package agreed on 12 July 2021. Further detail is provided in the "Debt and cash flow" section below.

ZIMBABWE HYPERINFLATION

Since the adoption of IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29"), the Group has adjusted 'cost of sales' for hyperinflation from the date the sugar sale occurred. Management believed this method to be compliant with IAS 29 and had applied it in its previously audited annual financial statements. In the current year, management reviewed this method and determined that 'cost of sales' should be hyperinflated from the date that the sugar was produced. Whilst seemingly a relatively small change conceptually, the financial impact is material.

 Comprehensive information related to hyperinflation dynamics is disclosed in Note 1 *Restatement of Prior Period Financial Information* and Note 11 *Reporting on the Zimbabwean Operations* in the 2022 interim financial statements.

- **Impact of hyperinflation**

Annual inflation peaked at 838% in July 2020 and has since stabilised at a level of c.55%, where it has been trading from July 2021 (56%) to September 2021 (52%), anchored by the stability of the exchange rate following the introduction of the foreign exchange auction system last year.

The net monetary loss arising from hyperinflation accounting increased to R110 million (September 2020: loss of R71 million, restated).

Hyperinflation and currency dynamics continue to distort the fair value adjustments to biological assets reflected in the profit. Ordinarily, in the first half of the year, there would be a charge to profits arising from a reduction in the fair value of the sugarcane as it is harvested. In the current period, however, price adjustments to maintain an appropriate US Dollar-based price for sugar has resulted in a gain of R212 million (September 2020: loss of R318 million), causing an R530 million swing in operating profit, period-on-period.

The table below shows the results reported for the Zimbabwe operations translated using the official exchange rate (ZWL 85.4: USD 1 or ZWL 5.7: ZAR 1), together with a sensitivity showing the impact of applying the economy's unofficial exchange rate. The country has experienced a widening gap between formal and informal rates of exchange in recent months, creating pressure on local currency-denominated costs and a shortage of foreign currency in the formal market. At 30 September 2021, the unofficial exchange rate was ZWL 170.0: USD 1 (ZWL 11.3: ZAR 1).


<i>R' million</i>	As reported (Official rate)	Sensitivity (Unofficial rate)	Difference
Revenue	3 725	1 872	(1 853)
Operating profit	1 043	524	(519)
Profit for the period	544	273	(271)
Net asset value	4 314	2 167	(2 147)
Total assets	7 727	3 882	(3 845)

RESTATEMENT OF COMPARATIVE INFORMATION

The Group has restated comparative information for errors identified as part of its activities to transition to new auditors. The most significant restatement relates to the treatment of hyperinflation adjustments in Zimbabwe which results in a reduction in both operating profit and the net monetary loss with no impact on EPS or HEPS for any comparative period. The aggregate of the other errors improves EPS and HEPS for the six months ended 30 September 2020 and are timing in nature, thus having no impact on the results for the year ended 31 March 2021.

RESTATEMENT	EFFECT
Industry-wide adjustments made by the South African Sugar Association ("SASA") to ensure all sugar millers have an equitable share of the local and export markets have been reclassified out of the revenue line and are now disclosed as a separate 'sugar industry equalisation' line on the face of the 'statement of profit or loss and other comprehensive income'.	<p>There is no impact on gross profit, operating profit, profit/(loss) before taxation, profit/(loss) from continuing operations, profit for the period or total comprehensive income/(loss) for the period. In addition, basic and diluted earnings per share and basic and diluted headline earnings per share are not impacted.</p> <p>Furthermore, there is no impact of the restatement on the 'statement of financial position', 'statement of changes in equity' and 'statement of cash flows'.</p>
Interim timing differences between SASA's equalisation adjustments (being export proceeds and local market redistribution) which were previously recognised as a sale (with the corresponding 'cost of sales' recognised) and are now treated as income received in advance with the related levies being recorded as a prepayment.	<p>Export proceeds reflected as income in 'sugar industry equalisation' line item were reduced by R252 million (with a corresponding amount recognised as 'income received in advance' in the 'statement of financial position') and 'cost of sales' reduced by R275 million (with R252 million recognised as inventory and R23 million recognised as a prepayment of industry levies in the 'statement of financial position'). There was no profit on the sale itself as stock designated for export markets is valued at net realisable value. Rather the profit impact of R23 million relates to industry levies that were in effect prepaid. The associated tax adjustment of R7 million has been offset by an additional recognition of the previously unprovided deferred tax on the Group's tax loss in South Africa.</p> <p>As these timing differences were resolved at the end of the sugar season, there is no restatement in respect of the Group's consolidated annual financial statements for the year ended 31 March 2021.</p>

RESTATEMENT	EFFECT
<p>Sugar work-in-progress inventory not assigned a value.</p>	<p>The previous accounting treatment resulted in an overstatement of 'cost of sales' of R42 million and a corresponding understatement of inventories, which has been corrected. The associated tax adjustment of R12 million has been offset by an additional recognition of the previously unprovided deferred tax on the Group's tax loss in South Africa, resulting in no net change in the deferred taxation expense or deferred tax balance.</p> <p>There is no restatement in respect of the Group's consolidated annual financial statements for the year ended 31 March 2021 as the sugar milling season was complete and there was only an immaterial amount of product in process in the sugar mill at the reporting date.</p>
<p>Hyperinflation adjustments to cost of sales - Changing from the direct method to hyperinflate 'cost of sales' to the indirect method'. The indirect method effectively applies hyperinflation to the 'cost of sales' expense from the date the sugar was produced rather than the date it was sold. The use of the indirect method aligns the method used to adjust 'cost of sales' with that used for 'depreciation' and 'fair value movements on biological assets' and improves the relationship between the inflation adjustments applied to the 'statement of financial position' and those applied to the 'statement of profit or loss and other comprehensive income'.</p>	<p>This revision has resulted in a restatement of amounts in the 'statement of profit or loss and other comprehensive income', increasing 'cost of sales', and decreasing 'taxation' and 'net monetary loss'. While operating profit for the six months ended 30 September 2020 and the twelve months ended 31 March 2021 has decreased by R305 million and R711 million respectively, there has been no impact on profit before taxation, earnings, and headline earnings per share (basic and diluted) or the statement of financial position. While there is no impact on the 'statement of cash flows', line items within the 'cash generated from operations' note have been restated with no impact on the total 'cash generated from operations'.</p>

 Please refer to Note 1 *Restatement of Prior Period Financial Information* of the interim financial statements for a detailed explanation of the restatements.

The impact of the restatements on the comparatives has been as follows:

6 months ended 30 September 2020

<i>R million</i>	As presented	Restated
Revenue	8 248	8 121
Gross profit	3 122	2 882
Operating profit	1 910	1 670
Net monetary loss arising from hyperinflation in Zimbabwe	(301)	(71)
Profit before taxation	561	551
Total comprehensive loss for the period	(413)	(348)

	As presented	Restated
Earnings per share arising from profit from continuing operations attributable to the owners of Tongaat Hulett Limited – Basic and diluted (cents)	32	80
Earnings per share arising from profit, from continuing and discontinued operations, attributable to the owners of Tongaat Hulett Limited - Basic and diluted (cents)	166	214

The impact of the restatements on the comparative period, together with hyperinflation and the benefit of disposals in the prior period, result in complexities in evaluating the current interim consolidated results.

SEGMENTAL PERFORMANCE

R 'million

	September 2021	September 2020 (Restated)	% Change
Revenue			
Sugar	8 419	7 666	10
Zimbabwe	3 725	3 075	21
Mozambique	1 334	1 214	10
South Africa	3 380	3 404	(1)
Other SADC (Botswana)	218	270	(19)
Inter-segment	(238)	(297)	20
Property	83	53	57
Revenue (excl. disposals)	8 502	7 719	10
Other SADC (Namibia & Eswatini)	-	402	(100)
Revenue	8 502	8 121	5
Operating profit			
Sugar	1 410	1 656	(15)
Zimbabwe	1 043	1 227	(15)
Mozambique	259	59	339
South Africa	102	319	(68)
Other SADC (Botswana)	19	51	(63)
Inter-segment	(13)	-	n/a
Property	(16)	(47)	66
Corporate	(100)	(169)	41
Operating profit (excl. disposals)	1 294	1 440	(10)
Other SADC (Namibia & Eswatini)	-	230	(100)
Operating profit	1 294	1 670	(23)
Adjusted EBITDA			
Sugar	1 653	2 418	(32)
Zimbabwe	959	1 621	(41)
Mozambique	513	342	50
South Africa	174	404	(57)
Other SADC (Botswana)	20	51	(61)
Inter-segment	(13)	-	n/a
Property	(16)	(46)	65
Corporate	(99)	(168)	41
Adjusted EBITDA (excl. disposals)	1 538	2 204	(30)
Other SADC (Namibia & Eswatini)	-	99	(100)
Adjusted EBITDA	1 538	2 303	(33)

SUGAR

Tongaat Hulett has 13 sugar and downstream production facilities across four African countries, namely South Africa, Zimbabwe and Mozambique and a distribution operation in Botswana, and exports to more than 29 countries, predominantly on the African continent, as well as into Europe and the United States of America. The Group farms 59 000 hectares of sugarcane and has a production capacity of 1.5 million tons of sugar, 40 million litres of ethanol and 400 000 tons of animal feed. The Group's combined sugar assets provide it with a unique strategic position within the regional sugar market which is currently in deficit.

The sugar operations experienced mixed performances in these six months. While the world sugar price is up c.40% this year, it has had a limited impact on the Group's operations, mainly because export sales have generally been replaced by local sales at higher margins. In South Africa, local market prices are linked to cost inflation rather than market dynamics, in line with the requirements of the Sugar Masterplan. Weather pattern changes had a negative impact on crops and heavy rain impacted the consistency of cane supply in several areas. Milling performance in South Africa has been particularly disappointing.

Revenue (excluding disposals) increased by 10% to R8.4 billion. Sugar production volumes declined by 87 700 tons (10%) to 782 400 tons due to lower sugarcane yields, the disruption caused by the civil riots and various production-related challenges at the mills.

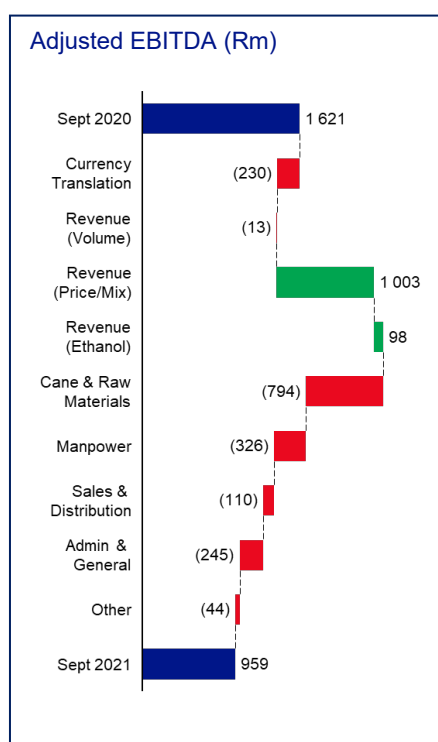
- **Zimbabwe**

The Zimbabwe sugar operations comprise some 25 000 hectares of farmland under sugarcane, two sugar mills, a refinery, and an ethanol plant.

The operations continued to navigate the dual challenges of hyperinflation and a multi-currency economy. While revenue increased by 21% to R3.7 billion, the benefit was offset by increased costs. 'Adjusted EBITDA' of R959 million was down 41% on the comparable period. Profit margins reduced from 40% to 28% and are now in line with September 2018 margins before the onset of hyperinflation.

Higher costs arose from a greater proportion of costs (such as manpower) being paid in foreign currency, more frequent revisions to costs denominated in local currency, and reduced opportunities to prepay for goods and secure lower pricing. In addition, the cost of sugarcane purchased from third party farmers was impacted by a court ruling that the division of sugar proceeds attributable to the sugar miller was inclusive of Value Added Tax, which reduced profits by R99 million, and this will have an ongoing impact on the business going forward.

Raw sugar production increased by 4% to 308 000 tons (2020: 297 000) with the benefits of an earlier season start and higher deliveries from third party farmers largely offset by a



decline in sugarcane yields to 97 tons per hectare due to suboptimal growing conditions. Ethanol production decreased 6% to 13.4 million litres owing to reduced molasses feedstock.

Local demand and sales volumes for sugar and ethanol remained buoyant notwithstanding the constrained economy. Local market sugar sales increased 23% to 194 300 tons with prior period sales affected by COVID-19 restrictions. While positive for revenue, the changing sales mix in favour of local sales has had a notable effect on exports, which declined to 13% of sales in this period relative to 28% in the comparative period. The Kenyan market, a key regional deficit market, continues to be characterised by periodic temporary import restrictions which the industry closely monitors and responds to by supplying other deficit markets.

With major dams close to capacity, water for irrigation has been secured for at least three seasons. This is expected to support replant programmes to deliver improved sugarcane yields and to improve the prospects of establishing new land for sugarcane farming. The resultant increase in cane supply to the mills should increase operating efficiencies and cost competitiveness in the region. Progress is being made to formally secure the right of land use with 'Institutional Offer Letters' having already been issued by the Government and which formalise the current operating arrangement. The Group has fulfilled all the necessary legal, technical, and administrative processes required for the issuance of 99-year leases which the Government has formally advised are being processed. Milling licences to 2040 were also granted for both sugar mills in the prior year. Project Kilimanjaro, where some 562 hectares of a total 4 000 hectare expansion have been planted, remains on hold due to the uncertainty over land tenure and its impact on securing funding.

In the coming period, the focus will continue to be on vertical and horizontal growth in both the operation's own farming operations and those of third-party farmers. This is a key area of focus to realise the objective of becoming the lowest cost sugar producer in Africa. Accelerating export sales into regional and other preferential markets remains important to generate foreign currency and for growth opportunities. Geographical and enterprise diversification will also receive focus and initial projects are on track.

- **Mozambique**

The Mozambique sugar operations comprise some 19 000 hectares of farmland under sugarcane, two sugar mills and a refinery.

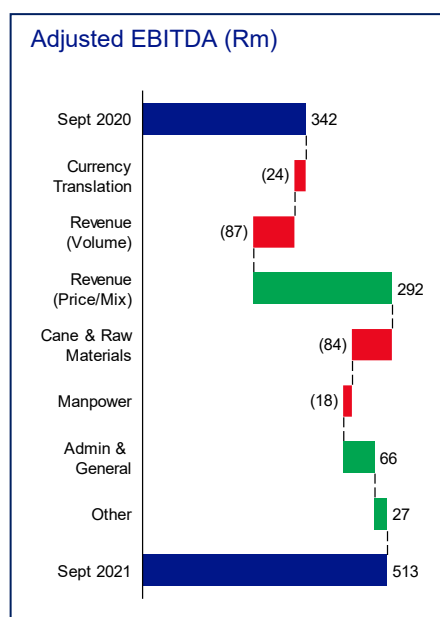
The business delivered an excellent result, growing revenue by 10% to R1.3 billion and Adjusted EBITDA by 50% to R513 million in the period. The local economy has started to recover with security stabilised in the north of the country, oil and gas projects coming back on stream, and the Mozambique Metical strengthening against the US Dollar. Consequently, local sugar sales are positioned for strong growth in both the consumer and industrial sectors.

Sugar production was lower than in the comparative period. The sugar mills crushed 1 417 800 tons of sugarcane (September 2020: 1 538 800 tons) and produced 160 300 tons of raw sugar (September 2020: 173 700 tons). Weather pattern changes (including Cyclone Eloise) harmed the crops, with a portion of the crop at Mafambisse underwater for some six weeks. Much higher rainfall during harvesting has extended the season and impacted haulage performance. The Xinavane refinery performed well, increasing production by 4% to 49 300 tons.

Replanted fields in all the estates in Mozambique delivered improved sugarcane yields. Small-scale growers performed well with exception of those impacted by the cyclone and heavy flooding. The Xinavane mill performed pleasingly, while the Mafambisse mill was impacted by the lack of consistent sugarcane supply. The Mozambican assets are of high quality, with both mills certified FSSC 22000 and Xinavane accredited by Coca-Cola to supply bottler-grade sugar.

The Mozambique operations are expected to grow their share of the sugar industry from 64% in the previous season to 69%. At an industry level, local sugar sales had a record first-half performance, increasing sales volumes by 11%, with a commensurate fall in export volumes. New pack sizes (500g and 2kg) have been introduced into the local market. While there has been no price increase for the current period, the improved sales mix and greater share of the industry has significantly improved the average pricing that the Mozambique sugar operations received for their sugar.

The outlook for the Mozambican operations is positive, with water security for irrigation for multiple seasons and strong commercial fundamentals expected to continue for the balance of the 2021/22 season. The full benefit of replants and new plantations with a superior mix of modern cane varieties are expected to be realised over the next two years. Refining is expected to perform in line with the 2020/21 season, whilst the volatility of the Mozambican currency requires vigilance.



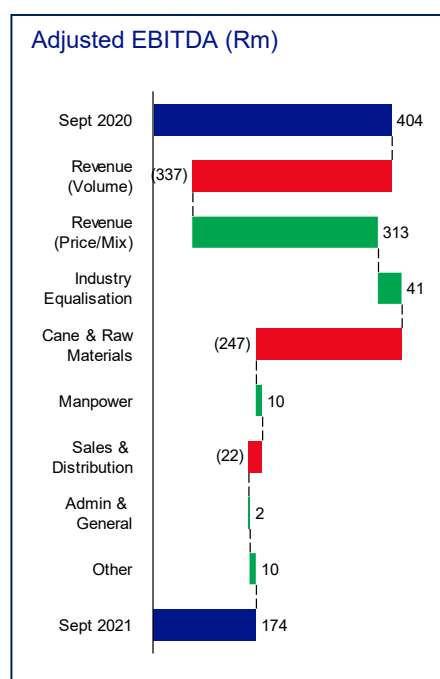
- South Africa

The South African sugar operations comprise three sugar mills and a central refinery that supplies approximately 50% of the country's refined sugar demand. Through its Voermol brand, it is also a market leader in the molasses and pith-based animal feeds industry. The Sugar Masterplan has protected the local industry and supported demand for locally produced sugar with the industry's estimate of local market demand of 1.47 million remaining in line with the previous season, despite an expectation that it could decline due to the non-repeat of sales during the COVID-19 panic buying and food parcel initiatives.

Tongaat Hulett has benefitted from the improved average sugar price enjoyed through an improved mix towards higher-priced local sales as well as pleasing market share gains. Any sugar production above local demand is exported to international markets.

Revenue was stable at R3.4 billion. Sugar milling performance during the 2021/22 season has been challenging, compounded by the numerous breakdowns at all three raw sugar mills due to a COVID-impacted maintenance shut before the start of the season, the unrest in KwaZulu-Natal during July 2021 and the challenges experienced in processing sugarcane that had been subject to the unrest-related arson.

The sugar mills crushed 2 970 300 tons of cane (September 2020: 3 506 900 tons) and produced 314 100 tons of raw sugar (September 2020: 404 100 tons), down 90 000 tons on the comparative period. Some 34 500 tons of sugar production capacity was lost during the riots, with the balance attributable to operational challenges. While some stability has returned to milling operations in the latter part of the season, significant attention has been placed on planning for the upcoming maintenance shutdown commencing in January 2022 and ensuring it is well-executed. The refinery performance has partially recovered, with refined sugar production of 188 200 tons and the yield trending marginally below targeted levels (September 2020: 194 100 tons). Sugar losses are now within acceptable parameters after the refinery loss at the end of the previous financial year.



Tongaat Hulett's sales into the local market declined by 3% to 239 600 tons and were limited by the availability of sugar stocks. Export sales volumes at an industry level have been reduced on the expectation of lower production for the season, and therefore the benefit of a higher world market price is less than it would have been historically. Syrups were relaunched with an improved taste profile and packaging.

Adjusted EBITDA decreased by 57% to R174 million (September 2020: R404 million, restated). In light of the pressure on profitability, cost control over manpower and administrative costs has been tightly managed, delivering savings relative to the prior period.

The business delivered a strong improvement in cash flow generation, up 16% to R252 million arising from working capital management.

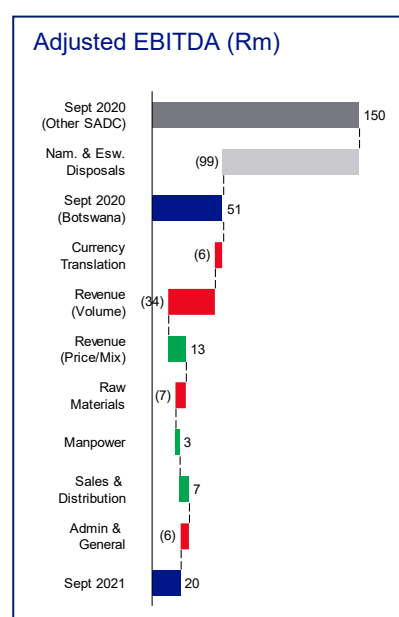
Voermol has again been rated the leading livestock feed supplier in South Africa. The brand received six diamond awards and one gold award in the PMR.africa annual national survey of Livestock Feed Suppliers, conducted in July 2021. Sales volumes in animal feed increased marginally to 149 100 tons and were constrained by the production performance of the Maidstone sugar mill given its reliance thereon for feedstock. Transformation remains a key agenda item for the business and Voermol has entered into a partnership with Virbac (a veterinary pharmaceutical company) to develop the emerging black market farming sector.

There is an intensified drive to reinvest in the asset base to improve the operational performance of the business and maximise both efficiencies and economies of scale. A new executive leadership team are bringing fresh perspectives to build on the gains made in the SA Sugar business. To minimise margin erosion, the focus is being placed on driving further cost optimisation, addressing capability constraints, extracting value chain efficiencies, and progressing transformation. Optimising milling and refining capacity to return the business to a consistent profit and cash generative state also remains high on the agenda.

- **Other SADC**

When the Eswatini and Namibian operations were disposed of last year, they did not represent a separate major business segment and were not classified as discontinued operations. Consequently, the comparative period includes revenue of R402 million, operating profit of R230 million and an Adjusted EBITDA of R99 million contribution from these operations.

The Botswana operation's revenue decreased by 19% to R218 million and Adjusted EBITDA was down 61% to R20 million, due to lower sales and increased raw material and inputs costs, driven by a weak Botswana Pula.



PROPERTY

Tongaat Hulett owns approximately 16 400 hectares of land, 9 600 hectares of which is well-located prime land in key development areas in KwaZulu-Natal with an indicative fair value of R8.3 billion. This significant land portfolio presents an opportunity for real estate development serving diverse market segments and delivering significant socio-economic value to the Group, its shareholders, other stakeholders, and the region, over time. The land has the potential to be converted into urban land usage as urban development expands and demand increases.

While pandemic conditions, low economic growth and social unrest constrained property transactions, the property business continued to make steady progress with property disposals, albeit at a slower pace than anticipated. Five township sales transactions representing

16 hectares were concluded in the period, with total sales transferred of R106 million. No large land sales were concluded during the period.

Property revenue increased to R83 million (September 2020: R53 million), and Adjusted EBITDA improved to a loss of R16 million, from a loss of R46 million at September 2020, with the latter affected by a R23 million increase in infrastructure obligation cost estimates. Cash flow pleasingly increased by R120 million, relative to an R83 million outflow in the prior comparable period.

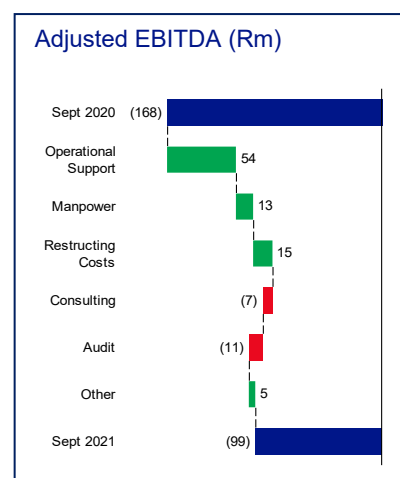
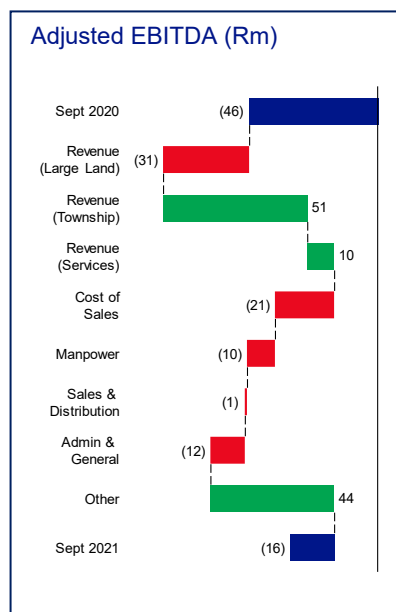
A key focus for the property business is to close out legacy land development projects. Efforts to address outstanding planning approvals to finalise historic land sales and deal with legacy infrastructure commitments continue to gain traction. Significant attention is given to planning and prioritising infrastructure and development expenditure to meet the Group's commitments cost-effectively and to align with the revenue profile of its land sales. During the six months, R58 million was spent on installing infrastructure and key contracts have been signed to accelerate the infrastructure spend in the second half of the year. Obtaining the government's participation in the Group's infrastructure cost obligation continues to be a key priority.

We believe that the property portfolio continues to hold considerable value for the Group. Tongaat Hulett has well-established land development resources and processes, as well as a track record to realise the value creation in the property portfolio. The Group has brought in external skills to augment the in-depth experience of its team. Significant value uplift opportunities also exist through participation in the downstream property development value chain, together with meaningful social impact through stakeholder value creation, social upliftment, and job creation.

CORPORATE

Corporate costs were reduced by 41% to R99 million, benefitting from the inclusion of operational support fees charged to the other segments. These fees seek to recover the cost of various centralised services provided to the operations, including *inter alia* technical, information technology, and procurement.

Management incentive accruals were lower in the current year in light of forecast financial performance, while restructuring activities continue to decline, realising costs savings.



DEBT AND CASH FLOW

Total borrowings at 30 September 2021 were R6.9 billion, compared to R11.7 billion at 30 September 2020, representing a reduction of R4.8 billion, or 41%. The South African businesses carry R5.9 billion (85%) of the total debt, R902 million (13%) is related to the Mozambique businesses and R162 million (2%) supports the Zimbabwe businesses.

Net finance costs declined by 50% to R525 million (September 2020: R1.053 billion) due to substantially lower finance costs as well as beneficial foreign exchange movements. Working capital and cash flow continue to be actively managed to ensure that there is sufficient liquidity within the business.

The liquidity position of the Group is best understood in the context of which operations carry the debt and the operational cash flows generated by, and available to, that operation to service that debt.

Regional debt exposure

<i>R 'million</i>	September 2021	September 2020	% change
South Africa	5 867	10 604	(45)
Mozambique	902	842	7
Zimbabwe	49	82	(40)
Local currency borrowings	6 818	11 528	(41)
Mozambique	-	81	(100)
Zimbabwe	113	117	(3)
Foreign currency borrowings	113	198	(43)
Total borrowings	6 931	11 726	(41)

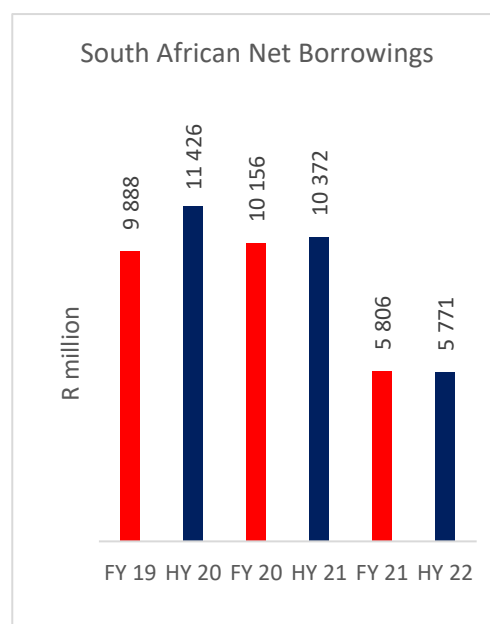
Regional cash balances

<i>R 'million</i>	September 2021	September 2020	% change
South Africa	95	232	(59)
Mozambique	79	164	(52)
Other SADC	11	77	(86)
Zimbabwe	414	355	17
Total cash balances	599	828	(28)

- **South African debt**

Net borrowings in South Africa were R5.8 billion at 30 September 2021 (September 2020: R10.4 million). These borrowings can only be serviced from the cash flows from the South African sugar business, the property business as well as dividends and operational support fees from the operations outside South Africa.

While Tongaat Hulett has made good progress in honouring its commitments to the South African lenders, the COVID-19 pandemic placed significant pressure on the ability of the Group to meet the R8.1 billion debt reduction milestone originally agreed with the South African lenders and a debt refinance was commenced in March 2021 and was closed on 6 December 2021 following delays as detailed below.



Key terms of the credit-approved term sheet had to be renegotiated in light of liquidity challenges that arose post the riots. As part of these negotiations, lenders agreed that the balance of the starch disposal proceeds held in escrow (R466 million, including interest) could be retained by the business to support liquidity, rather than used for debt reduction purposes as originally intended.

While the debt refinance was not concluded by 30 September 2021, the final maturity date of the existing facilities was extended to allow for the finalisation of the debt refinance package. The new agreements were concluded and signed on 2 December with a drawdown on new facilities and repayment of existing facilities on 6 December 2021.

The principle underlying Tongaat Hulett's negotiation of the debt refinance has been the achievement of a sustainable debt solution with longer-dated facilities to provide stability to the Group. Furthermore, the debt refinance sought to allow sufficient time to enable management to raise capital and protect the value of the business for the benefit of all stakeholders.

The sustainable portion of the debt solution comprises:


- Senior Facility A (a term loan) of R1.05 billion;
- Senior Facility B (a revolving credit facility) of R1.4 billion;
- A senior overdraft facility of R300 million; subject to a seasonal increase in the facility limit to R500 million over the peak of the seasonal working capital cycle, repayable by 31 March each year.

The balance of the debt has been allocated to two separate payment-in-kind (PIK) loan instruments to be repaid from the proceeds of the strategic debt reduction initiatives. The PIK loan instruments comprise:

- Senior Facility C of R2.0 billion, and
- Senior Facility D of R1.592 billion.

Senior Facility C (Equity PIK) is expected to be repaid from the equity capital raise proceeds, and/or proceeds received on disposal of assets. Senior Facility D (Property PIK) will be primarily repaid from proceeds on the disposal of longer-term strategic landholdings.

The terms of the refinanced facilities require that the equity capital raise be fully, finally, and irrevocably implemented by 14 April 2022 and/or that proceeds of at least R2.0 billion be paid to the South African lenders by this same date. Failure to do so will result in punitive interest charges on all facilities. Furthermore, there are specific milestones and actions in relation to the equity capital raise. If any of these milestones are not met, a process for the sale of strategic assets may be triggered by the South African lenders.

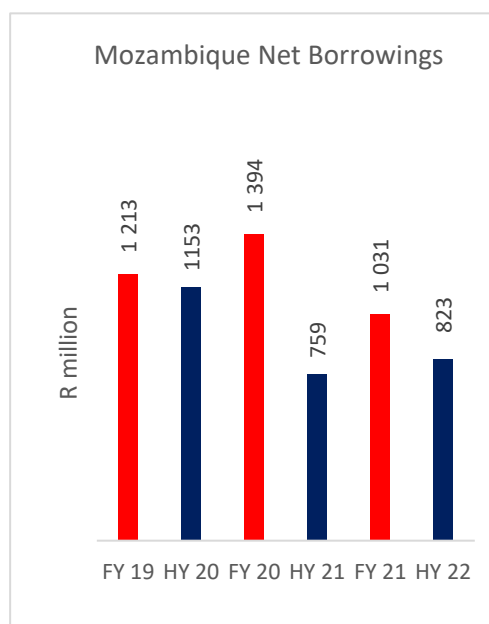
 Please refer to Note 12 *Events Occurring After The Reporting Period* of the interim financial statements for a detailed explanation of the terms of the debt facilities.

- **Mozambique debt**

Net borrowings in Mozambique were R823 million at 30 September 2021 (September 2020: R759 million).

The refinancing of the Mozambique debt facilities was concluded on 30 July 2021. The new debt facilities have a tenor of 24 months and comprise a term loan, Facility A of MZN2.419 billion (R570 million) and a revolving credit loan Facility B of MZN2.0 billion (R473 million).

The Mozambique operations are generating sufficient operational cash flows to service interest on the debt. The debt, however, remains high in the context of Mozambique where the prime lending rate exceeds 18%. The high interest rate limits the cash available to de-gear which in turn extends the timeline before the easing of lender-imposed restrictions on dividend or operational support fees payments to support the liquidity of the South African business.



- **Zimbabwe cash position**

The hyperinflationary economic environment continued to negatively impact the purchasing power of the Group's cash balances in Zimbabwe, although to a lesser degree than during 2020.

With complex currency dynamics in the country, both the US Dollar and Zimbabwe Dollar cash flows are monitored closely to avoid the potential of a liquidity shortage in either currency. Efforts have also been focused on securing additional multi-currency facilities to ensure the Group has sufficient headroom to absorb any unforeseen volatility and to allow for dividends and operational support fee payments to be maintained.

Cash flow (including discontinued operations)

Cash generated from operations decreased to R1.2 billion, relative to R1.3 billion in the prior period. The impact of lower cash profits was largely offset by lower investment in working capital than in the previous period. The prior period working capital movement included a R470 million investment related to the starch and glucose operation that was disposed of. In South Africa, sugar stocks have been abnormally low as a result of lower sugar production and the refinery sugar loss at the end of the 2021 financial year. In Zimbabwe, the level of prepayments reduced in line with fewer opportunities to purchase in advance and secure lower prices, while in Mozambique the level of payables normalised post finalisation of the debt restructure.

Ongoing and replacement capital expenditure (including intangible assets) of R137 million was lower than the R163 million spent in the prior year, however, this is mainly timing-related. There was no further expansion capital expenditure on Project Kilimanjaro whilst tenure of the land, a prerequisite to secure further funding, remains uncertain. Expenditure on replanting cane roots, included in capital expenditure, increased from R71 million to R75 million.

TIME FOR A NEW CHAPTER

The core strategy of the Group is to be a low-cost sugar producer with a predominant focus on South Africa, Zimbabwe, and Mozambique, and to capitalise on its sizeable landholdings in Kwazulu-Natal, South Africa. The Board believes that the Group has a suitable strategy for the industry and the environment in which it finds itself. This has been confirmed by the resilience of our performance despite various unforeseen factors and circumstances.

Tongaat Hulett has made significant progress in the turnaround process initiated in 2019. Governance structures, people capacity and stakeholder relationships have been strengthened, disposals to the value of R6.57 billion have been concluded, debt levels have been reduced by some 41% and the remaining debt has been refinanced. Cash flow generation capability has been improved substantially with R361 million generated to reduce borrowings in this six-month period, compared to R180 million in the comparable period. A range of initiatives have been implemented to improve the cost competitiveness, efficiencies, and sustainability of the various operations, culminating in a turnaround in the South African and Mozambican sugar operations. Some R463 million of dividends and operational support fees have been repatriated from Zimbabwe in the past 18 months. The property business is on a much stronger footing with strengthened governance and execution capabilities and with progress having been made with infrastructure cost-sharing negotiations.

The next phase of the Group's journey is to shift its focus from stabilisation to growth. Tongaat Hulett needs to create management capacity, restore operational stability, reposition the business for long-term growth and create the platform for future investment in opportunities to diversify sources of revenue. To achieve this, we have identified seven strategic initiatives that will focus on agricultural and technical excellence, the pursuit of commercialisation and diversification opportunities, leveraging the land portfolio and continuing to protect our licence to operate through deliberate and impactful transformation and ESG initiatives. All of this can only be achieved through a motivated and skilled employee base operating within appropriate structures and with appropriate oversight. This is at the core of our strategic endeavours.

The focus on reducing debt has resulted in substantially lower finance costs during the period. Further de-gearing will be achieved through the implementation of the revised debt reduction plan which includes the proposed equity capital raise. A sustainable debt level will facilitate greater flexibility in Tongaat Hulett's capital structure, allowing management to focus on delivering on its strategic objectives and driving future growth.

Our next move includes a rights offer

In November 2021, Tongaat Hulett announced a proposed major recapitalisation of up to R4 billion via a rights offer of new shares. The equity raise is needed to pay down debt facilities above sustainable debt levels, reduce the large interest burden and strengthen the balance sheet. This is anticipated to improve management's ability to deliver on its strategic objectives and to position the Group to deliver future value.

A successful equity capital raise is a major step to enable the Group to realise its potential as a compelling investment opportunity for investors. It will, *inter alia*:

- Reset the balance sheet, bringing financial stability to the Group, which will create an environment for operational stability.
- Assist in achieving the Group's long-term financial viability, freeing up management time to focus on operations and will facilitate a re-rating on both debt and equity.
- Allow accelerated optimisation of the current businesses through the retention of exposure to value-accretive African sugar assets.
- Allow management to focus on opportunities, including identified diversification opportunities, such as ethanol, carbon dioxide and alternative crops.
- Create a scope for improvements in agriculture performance, milling and refining capability, and growing profitable volumes in regional sugar deficit markets.
- Allow more time to realise value from the land portfolio rather than having to sell large tracts of strategic landholdings in a depressed property market.
- Improve the ability to attract further talent.
- Allow the Group to lower debt levels and refinance its debt in the near term with a smaller lender group and on improved commercial terms.

The expected proceeds from the R2 billion portion of the rights offer that is underwritten are required to settle the Equity PIK debt instrument including accrued interest under the commitments to the South African lenders. Any proceeds raised over the R2 billion are intended to be used to reduce the Property PIK debt instrument, which will give Tongaat Hulett greater flexibility to sell property at a later date when the market has recovered rather than selling at a substantial discount in the short term.

The rights offer represents a unique opportunity to reduce debt significantly and advance the goal of creating a sustainable capital structure, unlocking value, and making Tongaat Hulett an attractive investment option. We believe that keeping the Group intact provides the most compelling value proposition for all stakeholders across Southern Africa. Through the proposed re-capitalisation, the Group retains exposure to strong, well-invested sugar businesses in Zimbabwe, Botswana, and Mozambique, and to continued gains under the Sugar Masterplan

for the recovering South African sugar business. This leaves the Group well-positioned to deliver value over time as it focuses on meeting the long-term demand for sugar across growing African regional markets.

Introducing a strategic investor

The rights offer will be partially underwritten by Magister Investments Limited, a shareholder and strategic partner. Magister is a Mauritian-based investment holding company involved in agriculture, agro-processing, distribution, property and, more recently, civil construction and infrastructure development. It has experience in key sectors which complement Tongaat Hulett's strategic focus areas and it will facilitate access to key markets which will benefit the Group and facilitate potential growth in new and existing business areas. Magister holds investments in several listed and private entities in the United Kingdom, Zambia and Zimbabwe including Agriterra Limited (a London listed agri-business), CFI Holdings Limited, TSL Limited and Unifreight Africa Limited.

Magister has agreed to underwrite up to R2 billion of the proposed rights offer, with a maximum shareholding threshold of 60% and has furnished Tongaat Hulett with a bank guarantee for this amount in support of the transaction. The introduction of Magister as a strategic shareholder will bring significant value to the Group through their diverse and substantial African agriculture asset portfolio and trading, agricultural management, and commercial experience. In addition, Magister brings substantial insight into agriculture in Zimbabwe and Mozambique, which will be invaluable to the Group and should ensure operational cost reductions, improve operational efficiencies, and facilitate a focused strategy for the Group.

South African lenders remain supportive of the Group and shareholders representing 38.6% of Tongaat Hulett's issued shares have either provided irrevocable commitments or letters of support for the transaction. The timing to complete the proposed equity raise is dependent upon when the required shareholder, lender and regulatory approvals are obtained, and is expected to be in the first quarter of the 2022 calendar year. The amount of equity capital to be raised and the pricing of the rights offer will be determined and announced when the rights offer is officially launched.

In the case of insufficient shareholder participation in the rights offer, strategic asset disposals and a break-up of the Group becomes more likely, which is expected to erode shareholder value as asset sales would not only diminish economies of scale of the sugar operations, but an accelerated disposal programme is also unlikely to realise full value for the assets.

We believe that the introduction of Magister as a strategic investor in Tongaat Hulett will advance our strategic goals as it shares management's vision for the business in the long term. It will add impetus to the turnaround strategy and provide management with the financial and operational flexibility to redirect its focus towards growth initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

In the past year, further efforts were implemented to adhere to strong corporate governance practices. In line with the recommendations contained in King IV, independent non-executive director David Noko was appointed as the Lead Independent Non-Executive Director with effect from 1 July 2021.

ESG matters remain a key priority for the Group. Stringent safety protocols are maintained to safeguard employees and suppliers. People processes have been improved through the rollout of performance and talent management frameworks and the continued entrenchment of the Group's values. Tongaat Hulett has been offering and/or facilitating vaccination to its workforce and c.18 000 (81%) of employees have been vaccinated to date. Despite the Group's cash flow constraints, it continues to invest meaningfully into socio-economic development initiatives, providing tangible benefits to surrounding communities and Governments in the regions in which the Group operates. Tongaat Hulett published its first ESG and Climate Change Report recently and is maximising the use of alternative fuels to reduce carbon emissions. Environmental practices have been intensified with a marked reduction in both level 1 and 2 complaints, and zero level 3 complaints and incidents. Strong ESG progress has led to the Zimbabwe operations being nominated for national awards in recognition of various SHE initiatives and being recommended for ISO 45000 Certification.

Tongaat Hulett proudly delivered a step-change improvement from Level 4 to Level 2 in its B-BBEE status during the period. This was achieved through focused attention on socio-economic development, enterprise development, procurement and skills development. In South Africa, the Group also qualified as a Black-Owned Entity with 71.75% Black Ownership.

The Group continues to support large and small-scale empowerment farming. Our sugar operations in South Africa source 43% of its sugarcane from more than 15 000 black farmers and co-operative members, who were collectively paid nearly R600 million in the past year. Uzinzo Sugar Farming, Tongaat Hulett's successful transformational partnership, is the largest black farmer in the South African sugar industry.

The Board remains committed to its undertaking to act on the findings of the PwC forensic investigations. Criminal case processes are underway and Tongaat Hulett has instituted civil proceedings against the previous leadership. Summonses have been issued, and these matters are currently in court in Pietermaritzburg, South Africa. It is anticipated that full trials will be scheduled for early 2023. The Group is also supporting various regulators with their ongoing investigations.

Change of auditors

The Board has appointed Ernst & Young Inc as the Group's external auditors. The audit services of Deloitte & Touche ended on completion of their statutory responsibilities for the Group's 2021 financial year.

Regulatory developments

- **The Sugar Masterplan**

A key focus area for the South African sugar business is its participation in the implementation of the Sugar Masterplan, aimed at strengthening the sustainability of the industry through increasing local demand and diversification into a wide range of globally competitive sugarcane-based products.

In terms of the Sugar Masterplan, the local sugar industry stakeholders have committed to sourcing 80% of sugar requirements from the local sugar industry in 2021 and at least 95% of all sugar requirements from the local sugar industry in the two years that follow. This has already increased local demand and improved the mix between local and export sales as well as the resulting profit margins. Tongaat Hulett is well-positioned to benefit from the Sugar Masterplan given that it already produces electricity at all of its mills and ethanol in Zimbabwe. The Group has identified and scoped a range of lucrative diversification projects which will be pursued over the medium-term as funding allows.

- **Biofuel initiative**

The South African sugar industry is currently in talks with Government with regards to a biofuel subsidy. The South African Sugar Association believes that up to a third of its yearly output, or 800 000 tons, could be converted into renewable energy, rather than be exported at a loss. The Group supports such an initiative as it would be beneficial for both producers and the Government. The production of 460 million litres of biofuel a year could generate R1.8 billion of tax and create up to 13 000 jobs in the South African economy, while also reducing carbon emissions.

DIVIDEND

Given the Group's current strategic focus to reduce debt to a sustainable level, the Board has determined that no interim dividend will be declared for the period. It is also envisaged that no dividends will be declared until this objective has been achieved.

REVIEW OPINION

These condensed consolidated financial statements for the six months ended 30 September 2021 have been reviewed by Ernst & Young Inc, who have expressed an unmodified review conclusion in terms of the International Standards on Review Engagements (ISRE) 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The auditor's report includes a separate section under the heading "Material Uncertainty Related to Going Concern" which is presented below.

The auditors' report does not necessarily report on all of the information contained in the interim results announcement. Shareholders are therefore advised that to obtain a full understanding of the nature of the auditors' engagement they should refer to the auditors' review report provided in this document.

Emphasis of matter - Material uncertainty related to going concern

We draw attention to the going concern note included in the "Basis of preparation" to the condensed consolidated financial statements, which indicates that the Group's consolidated current liabilities exceed its consolidated current assets by R2.4 billion and that the success of the Group's debt restructure initiatives remains uncertain. As stated in the "Basis of preparation", these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The conclusion is not modified in respect of this matter.

OUTLOOK

We will continue to firmly re-establish a sustainable growth path, reduce debt, and restore confidence in Tongaat Hulett. In the short term, this will involve the conclusion of a successful rights offer, which is a key step in securing the future of the Group.

Tongaat Hulett expects that the following factors will underpin a positive medium to longer-term outlook for the business:

- The business holds longer-term potential through increased per capita sugar consumption, supply to sugar deficit regional markets and lucrative downstream diversification opportunities which are pending appropriate capital and funding;
- In South Africa, the Sugar Masterplan will continue to support a recovery in the demand for locally-produced sugar, and Tongaat Hulett is also well-positioned to benefit as ethanol and bioelectricity present growth opportunities;
- The property portfolio holds significant potential for further value creation, through multiple possible transaction types;
- In Zimbabwe, there have been improving economic conditions, repatriation of dividends and increasing security of tenure. An opportunity exists to increase the operation's local ethanol production and sugar sales in the region; and.
- In Mozambique, there has been a positive turnaround in the business, and an opportunity exists to introduce ethanol production in the future.

With the sugar season drawing to a close, the full-year sugar production for the Group is expected to be between 8% and 10% below that of the prior year. The South African sugar operation is expected to make between 460 000 and 470 000 tons, the Zimbabwe sugar operation 385 000 and 390 000 tons, while the Mozambique sugar operation has completed the season and produced 190 000 tons of sugar. Our focus for the remainder of the year will be to ensure a good crop for the next season, closing out the current season and preparing for the next season from a milling perspective, and continuing with improvements to restore the South African refinery to historic production levels.

We expect that lower debt levels will continue to benefit finance costs in 2022. Cash generation, reducing debt to a sustainable level, liquidity management, and the ongoing review of the Group's capital structure remain priorities.

Any forward-looking statements have not been reviewed or reported on by the external auditors.

For and on behalf of the Board

Louis von Zeuner
Chairman

Gavin Hudson
Chief Executive Officer

Tongaat
8 December 2021

Sponsor
PSG Capital

Condensed consolidated statement of financial position as at 30 September 2021

R' million	Note	30 September 2021 Reviewed	30 September 2020 Reviewed Restated	31 March 2021 Audited
ASSETS				
Non-current assets				
Property, plant and equipment		5 425	5 013	4 883
Right-of-use assets		305	362	307
Goodwill		47	51	48
Intangible assets		233	289	266
Investments in associates and joint ventures		78	36	51
Deferred tax assets		193	685	165
Other non-current assets		142	198	163
Total non-current assets		6 423	6 634	5 883
Current assets				
Inventories		5 602	4 903	3 255
Biological assets	4	2 003	1 500	1 645
Trade and other receivables		1 891	1 530	1 833
Derivative financial instruments		-	8	7
Current tax assets		17	114	24
Cash and cash equivalents		599	828	629
		10 112	8 883	7 393
Assets classified as held for sale		-	2 864	-
Total current assets		10 112	11 747	7 393
TOTAL ASSETS		16 535	18 381	13 276
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		1 679	1 679	1 679
Accumulated losses		(1 620)	(3 256)	(1 340)
Other reserves		(849)	(1 596)	(1 440)
Total equity attributable to owners of Tongaat Hulett Limited		(790)	(3 173)	(1 101)
Non-controlling interests		1 495	1 065	1 047
Total equity		705	(2 108)	(54)
Non-current liabilities				
Deferred tax liabilities		863	783	620
Borrowings	5	132	101	78
Lease liabilities		321	366	348
Post-retirement benefit obligations		631	400	495
Deferred income		179	224	167
Provisions		1 176	961	1 124
Total non-current liabilities		3 302	2 835	2 832
Current liabilities				
Borrowings	5	6 799	11 625	7 121
Lease liabilities		53	46	44
Trade and other payables		4 373	3 719	2 557
Post-retirement benefit obligations		49	56	44
Deferred income		123	43	122
Provisions		498	377	483
Current tax liabilities		633	294	127
		12 528	16 160	10 498
Liabilities directly associated with assets classified as held for sale		-	1 494	-
Total current liabilities		12 528	17 654	10 498
TOTAL LIABILITIES		15 830	20 489	13 330
TOTAL EQUITY AND LIABILITIES		16 535	18 381	13 276

Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2021

R' million		6 months ended 30 September 2021	6 months ended 30 September 2020	12 months ended 31 March 2021
	Note	Reviewed	Reviewed Restated	Audited Restated
Continuing Operations				
Revenue	6	8 502	8 121	15 454
Sugar industry equalisation	1	(84)	(125)	(536)
Cost of sales		(5 615)	(5 114)	(11 360)
Gross profit		2 803	2 882	3 558
Marketing and selling expenses		(576)	(488)	(958)
Administrative and other expenses		(1 164)	(1 053)	(2 021)
Net impairment loss on non-financial assets		-	(36)	(139)
Net impairment loss on financial assets		(56)	(13)	(65)
Non-trading items - gain		27	183	380
Other operating income		260	195	352
Operating profit		1 294	1 670	1 107
Net finance costs		(525)	(1 053)	(1 583)
<i>Finance costs</i>		(628)	(822)	(1 420)
<i>Finance income</i>		36	36	82
<i>Net foreign exchange gain / (loss) revaluation of borrowings and lease liabilities</i>		67	(267)	(245)
Net monetary loss arising from hyperinflation in Zimbabwe	11	(110)	(71)	(91)
Share of net profit of associates		18	5	22
Profit / (loss) before taxation		677	551	(545)
Taxation	7	(654)	(166)	(83)
Profit / (loss) from continuing operations		23	385	(628)
Profit from discontinued operation		-	171	3 348
Profit for the period		23	556	2 720
Other comprehensive income / (loss)				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign exchange differences on translation of foreign operations		851	(925)	(906)
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of post-retirement benefit obligations		(95)	13	(151)
Tax effect of remeasurement of post-retirement benefit obligations		24	(3)	38
Remeasurement of a retirement fund surplus		-	15	36
Tax effect of remeasurement of retirement fund employer surplus		-	(4)	(10)
Other comprehensive income / (loss) for the period, net of tax		780	(904)	(993)
Total comprehensive income / (loss) for the period		803	(348)	1 727
Profit for the period is attributable to:				
Owners of Tongaat Hulett Limited		(234)	289	2 419
Non-controlling interests		257	267	301
		23	556	2 720
Total comprehensive income / (loss) for the period is attributable to:				
Owners of Tongaat Hulett Limited		313	(419)	1 648
Non-controlling interests		490	71	79
		803	(348)	1 727
Earnings per share arising from (loss) / profit from continuing operations attributable to the owners of Tongaat Hulett Limited (cents)				
Basic	8	(174)	80	(689)
Diluted		(174)	80	(689)
Earnings per share arising from (loss) / profit attributable to the owners of Tongaat Hulett Limited (cents)				
Basic	8	(174)	214	1 794
Diluted		(174)	214	1 794

'Net impairment loss on financial assets' has been separately presented in this statement for the period ended 30 September 2021 and the year ended 31 March 2021 which required the September 2020 comparative information to be re-presented, the impact of which affects 'administrative and other expenses'.

Condensed consolidated statement of changes in equity for the six months ended 30 September 2021

R' million	Share capital	Share premium	Accumulated losses	Share-based payment and other reserves	Foreign currency translation reserve	Total equity attributable to owners of Tongaat Hulett Limited	Non-controlling interests	Total equity
Balance at 1 April 2020 - (Audited)	135	1 544	(3 563)	293	(1 156)	(2 747)	1 152	(1 595)
Total comprehensive income for the six months ended 30 September 2020 (Restated)	-	-	307	-	(726)	(419)	71	(348)
<i>Profit for the period (Restated)</i>	-	-	289	-	-	289	267	556
<i>Other comprehensive (loss) / income for the period</i>	-	-	18	-	(726)	(708)	(196)	(904)
Share-based payment charge	-	-	-	(7)	-	(7)	-	(7)
Dividends - non-controlling shareholders	-	-	-	-	-	-	(158)	(158)
Balance at 30 September 2020 - (Restated)	135	1 544	(3 256)	286	(1 882)	(3 173)	1 065	(2 108)
Balance at 1 April 2020 - (Audited)	135	1 544	(3 563)	293	(1 156)	(2 747)	1 152	(1 595)
Total comprehensive income for the year ended 31 March 2021	-	-	2 357	-	(709)	1 648	79	1 727
<i>Profit for the year</i>	-	-	2 419	-	-	2 419	301	2 720
<i>Other comprehensive loss for the year</i>	-	-	(62)	-	(709)	(771)	(222)	(993)
Share-based payment charge	-	-	-	(1)	-	(1)	(2)	(3)
Net transfer from non-distributable reserves to distributable reserves	-	-	(134)	134	-	-	-	-
Purchase of shares for delivery to employees	-	-	-	(1)	-	(1)	-	(1)
Dividends - non-controlling shareholders	-	-	-	-	-	-	(182)	(182)
Balance at 31 March 2021 - (Audited)	135	1 544	(1 340)	425	(1 865)	(1 101)	1 047	(54)
Balance at 1 April 2021 - (Audited)	135	1 544	(1 340)	425	(1 865)	(1 101)	1 047	(54)
Total comprehensive income for the six months ended 30 September 2021	-	-	(280)	-	593	313	490	803
<i>Loss for the period</i>	-	-	(234)	-	-	(234)	257	23
<i>Other comprehensive (loss) / income for the period</i>	-	-	(46)	-	593	547	233	780
Share-based payment charge	-	-	-	(2)	-	(2)	-	(2)
Dividends - non-controlling shareholders	-	-	-	-	-	-	(42)	(42)
Balance at 30 September 2021 - (Reviewed)	135	1 544	(1 620)	423	(1 272)	(790)	1 495	705

Condensed consolidated statement of cash flows for the six months ended 30 September 2021

R' million	Note	6 months ended 30 September 2021 Reviewed	6 months ended 30 September 2020 Reviewed	12 months ended 31 March 2021 Audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	A	1 167	1 341	1 820
Taxation paid		(129)	(153)	(368)
Net cash inflow generated from operating activities		1 038	1 188	1 452
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income received		25	10	46
Dividends received (including from associates)		2	-	-
Additions to property, plant and equipment		(208)	(232)	(490)
Expansion capital		-	-	-
Replacement and ongoing capital		(133)	(161)	(348)
Establishing new area under cane		-	-	-
Replanting of existing area under cane		(75)	(71)	(142)
Additions to intangible assets		(4)	(2)	(15)
Sharecropper and cane supply arrangements		-	(2)	(7)
Software and other		(4)	-	(8)
Proceeds on disposal of property, plant and equipment and intangibles		37	14	29
Proceeds on disposal of business		-	220	495
Proceeds on disposal of discontinued operations		-	-	4 744
Proceeds on liquidation of legacy pension fund		-	-	151
Loans repaid by growers and key / strategic business partners		2	10	11
Net cash (outflow) / inflow from investing activities		(146)	20	4 971
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid:		(42)	(147)	(182)
<i>To shareholders of Tongaat Hulett Limited</i>		-	-	-
<i>To non-controlling shareholders</i>		(42)	(147)	(182)
Finance costs paid		(448)	(666)	(1 229)
Borrowings:		(361)	(180)	(4 865)
<i>Raised</i>		5 105	1 973	5 955
<i>Repaid</i>		(5 466)	(2 153)	(10 820)
Lease liabilities		(21)	(20)	(39)
Purchase of shares for delivery to employees		-	-	(1)
Net cash outflow from financing activities		(872)	(1 013)	(6 316)
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		20	195	107
Cash and cash equivalents at the beginning of the period		629	1 242	1 242
Foreign currency translation, including the effect of hyperinflation		98	(14)	(1)
Net monetary loss on cash and cash equivalents	11	(148)	(508)	(719)
Transfer to assets held for sale		-	(87)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		599	828	629

Notes to the condensed consolidated statement of cash flows

	6 months ended 30 September 2021 Reviewed	6 months ended 30 September 2020 Reviewed Restated	12 months ended 31 March 2021 Audited Restated
R' million			
A. CASH GENERATED FROM OPERATIONS			
Profit for the period (including discontinued operation)	23	556	2 720
<i>Adjusted for:</i>			
Finance costs	628	858	1 438
Finance income	(36)	(36)	(84)
Net foreign exchange loss on revaluation of borrowings and lease liabilities	(67)	267	245
Share of net profit of associates	(18)	(5)	(22)
Taxation	654	166	83
Taxation - discontinued operations	-	76	509
Net monetary loss arising from hyperinflation in Zimbabwe	110	71	91
Operating profit	1 294	1 953	4 980
<i>Adjusted for:</i>			
Depreciation on property, plant and equipment, and right-of-use assets	256	233	452
Amortisation of lease incentives	6	-	12
Amortisation of intangible assets	49	22	67
Impairment losses on property, plant, equipment and intangibles	-	36	139
Net impairment loss on financial assets	56	13	65
(Profit) / loss on disposal of property, plant and equipment	(32)	9	2
Loss on modification of lease contracts	-	-	7
Loss on disposal of intangible assets	1	-	2
Profit on disposal of business	-	(183)	(375)
Profit on disposal of discontinued operations	-	-	(3 498)
Movement in fair value of biological assets	(34)	525	405
SA Sugar stock loss and provision for industry obligation	(42)	-	348
Foreign exchange (gains) / losses	(46)	17	(7)
Share-based payments	(2)	(7)	(3)
Movement in other provisions	(2)	(51)	(162)
Movement in provision for retirement benefit obligations	(24)	(32)	(80)
Deferred income (government grants)	(10)	(10)	(20)
Other non-cash items	31	71	45
Operating cash flows before movements in working capital	1 501	2 596	2 379
Working capital			
Movement in inventories	(2 111)	(2 197)	(305)
Movement in trade and other receivables and contract assets	(65)	(763)	(854)
Movement in trade and other payables and contract liabilities	1 842	1 705	600
Investment in development of land portfolio	-	-	-
Net movement in working capital	(334)	(1 255)	(559)
Cash generated from operations	1 167	1 341	1 820

Certain comparative information within the 'cash generated from operations' note has been restated as a consequence of the correction of prior period errors (refer to Note 1 Restatement of Prior Period Financial Information). In addition, certain provision movements in the comparative information have been reclassified between non-cash items and working capital to create consistency. In total, cash generated from operations remains unchanged.

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 *Segmental Reporting*.

The condensed consolidated interim financial statements of Tongaat Hulett, as at and for the six months ended 30 September 2021, comprise the Group and the Group's interests in associates and joint arrangements (the "condensed consolidated interim financial statements").

BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of 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 Limited ("JSE") Listing Requirements and the requirements of the Companies Act of South Africa 2008, as amended, and as a minimum contain the information required by IAS 34 *Interim Financial Reporting* ("IAS 34").

The condensed consolidated 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 8 December 2021.

The condensed consolidated interim financial statements do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS as issued by the IASB. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 31 March 2021 and any public announcements made by Tongaat Hulett during the interim reporting period.

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

The condensed consolidated financial statements are prepared on a historical cost basis, except as disclosed in the significant accounting policies in the consolidated annual financial statements for the year ended 31 March 2021. The accounting policies are presented in terms of IFRS and, except for the items in Note 1 *Restatement of prior period financial information*, are consistent with those of the previous financial year and corresponding interim reporting period.

The Group continues to enhance and improve its disclosures taking into consideration developments and transactions each reporting period as well as recommendations from regulatory bodies. Accordingly, the disclosure of certain comparative information has been revised to align with the current period disclosures.

Going concern

Going concern

The Group's financial statements at and for the year ended 31 March 2021 were prepared on a going concern basis with disclosure of a material uncertainty related to events or conditions that at that time cast significant doubt on the Group's ability to continue as a going concern.

In respect of the condensed consolidated interim financial statements, the material uncertainty continues to remain relevant in the assessment of the going concern basis, in particular the prospects of the Company's initiatives to repay the portion of debt that cannot be serviced from operational cash flows and is therefore not considered sustainable. Furthermore, with the constrained headroom in the South African debt facilities the importance of the assumptions used in the liquidity forecasts is heightened.

The Board is of the view that as of the date of this report, the assumption that the Group will continue in operation in the foreseeable future (which is defined as 12 months from the date of publishing these condensed consolidated financial statements) remains appropriate and accordingly the condensed consolidated financial statements at and for the six months ended 30 September 2021 have been prepared on the going concern basis taking into consideration the following:

Financial position

At 30 September 2021, the Group's total assets of R16.53 billion exceed its total liabilities of R15.83 billion by R705 million, having improved from the net liability positions of R54 million and R2.11 billion at 31 March 2021 and 30 September 2020 respectively. Independent valuations of the Group's businesses, together with the market value of the property (as determined by Broll Valuation & Advisory Services Proprietary Limited) supports an equity value in excess of the Group's market capitalisation and the total equity disclosed in its financial statements.

The Group's current liabilities of R12.53 billion exceed its current assets of R10.11 billion at 30 September 2021. The deficit arises from the continued classification of all the South African debt as a current liability. A covenant breach in Mozambique at the reporting date further contributed to the deficit as this resulted in a reclassification of the operations' long-term debt of R570 million to short-term. Subsequent to the reporting period, the covenant breach was waived by the lenders.

Liquidity management

Management continues to monitor cash flows and liquidity on a daily basis across the Group, with oversight from the Board. Daily cash flows are monitored against projections that have been prepared for all major business units for the remainder of the financial year and which are updated weekly. This daily monitoring process is supplemented by the preparation of monthly forecasts from April 2022 until March 2023, and quarterly forecasts to March 2026 which are updated regularly, particularly in respect of the South African businesses where the liquidity risk is considered high. These cash flow forecasts have been presented to the South African lenders to support the refinance of the existing debt facilities in South Africa and form the basis of the Board's going concern assessment. These monitoring activities facilitate the timely identification of liquidity pressures and risks in order for mitigating actions to be implemented.

The liquidity position of the Group is better understood in the context of which operations carry the debt and the operational cash flows available to service that debt. The Group is required to service total debt based on the cashflows generated by and available to that operation. The Group is required to service total debt of R6.93 billion, of which R5.87 billion (85%) is carried by the South African businesses, R902 million (13%) is related to the Mozambique businesses and R162 million (2%) supports the Zimbabwe businesses. The liquidity dynamics for each of these businesses are important and are discussed further below.

South African liquidity and debt refinance

As a result of legacy capital structures, the South African businesses carry the majority of the Group's total debt (on behalf of the non-South African businesses) and are currently not able to generate sufficient cash flows to service the interest and capital repayments to lenders. To address this issue, the Company commenced a debt refinance in March 2021.

The principle underlying the debt refinance was to negotiate a sustainable debt solution with longer dated facilities that creates stability for the Company and allows sufficient time to enable management to raise capital and protect the value of the business for the benefit of all stakeholders. The balance of the debt has been allocated to two separate payment-in-kind ("PIK") loan instruments to be repaid from the proceeds of the strategic debt reduction initiatives discussed in detail below. The outcome of the debt refinance negotiations was summarised into a credit-approved term sheet between the Company and the South African Lenders and executed on 12 July 2021.

At the time of signing the term sheet, widespread social unrest and riots broke out across Kwazulu-Natal. The impact of the riots (which is summarised below) placed pressure on the Company's liquidity and necessitated a renegotiation of certain terms of the debt package.

- The South African sugar operations were forced to shut under emergency-type conditions and remained shut for between six and eight days. Incidents of arson resulted in some 1 700 hectares of farmland under sugarcane being set alight, impacting on the operation's cane supply. With significant volumes of sugarcane that had been subjected to arson being required to be harvested and transported to the sugar mills, a significant time elapsed before the sugarcane was crushed. The delay caused a number of processing inefficiencies which, together with start-up challenges after the extended stoppage, caused disruptions for the sugar mills and negatively affected operational performance. In total, production capacity equivalent to c.34 500 tons of sugar was lost;
- A third-party warehouse containing the Company's prepack sugar stock was looted during the unrest resulting in the loss of c.2 670 tons of sugar, that was readily available for sale. Consequently the third-party has been invoiced. The estimated value is R38 million and an interim payment of R12 million was received in November 2021 with the balance remaining outstanding; and
- The riots caused extensive damage to third party properties in and around THL's development precincts, including Cornubia and Bridge City. As a result, the Company has experienced delays in concluding transactions that were under negotiation, as customers reassessed their investment decisions. Ultimately, a number of transactions that were in the pipeline have fallen away.

To address these liquidity requirements, the forecasts supporting the refinancing solution were reviewed extensively, and a revised proposal was submitted to lenders in October 2021. As part of these negotiations, lenders agreed that the balance of the starch proceeds held in escrow (and designated for debt reduction purposes) could be retained by the business for to support liquidity which resulted in an increase in the PIK loan instruments of R450 million. In addition, the Company was granted a temporary increase in its overdraft facilities of R200 million to bridge a liquidity shortfall in October 2021 which was repaid in early November 2021.

Other changes to the credit-approved term sheet were predominantly to support liquidity and include the remove of the annual 'step-downs' to the facility limits and the replacement of the super senior standby liquidity facility with a seasonal 'step-up' on the overdraft facility.

Off the back of this proposal, the Company entered into legal agreements to conclude the refinancing of its existing debt facilities with South African Lenders on 6 December 2021. The salient terms of debt refinance have been provided in Note 12 *Events Occurring After The Reporting Period*.

Sustainable debt portion

The sustainable debt portion of the debt package will be serviced from the cash flows from the South African sugar business, the property business as well as dividends, and management and operational support recoveries received from operations in the rest of Africa, most notably from Zimbabwe. While the ability to service the sustainable debt from the operational cash flows is based on the current liquidity assessments, a level of uncertainty still remains as the headroom in the debt facilities is limited, placing a heightened importance on the accuracy of the assumptions.

Revisions have been made to the cash flow forecasts disclosed in the 31 March 2021 financial statement for the reasons as outlined below:

<i>Sugar</i>	<ul style="list-style-type: none"> - The disruption to the sugar milling season described above resulted in a downward revision of forecast sugar production from 560 000 tons to c.465 000 tons. The refinery yield of 94.6% is marginally below the target of 95%. - A recovery in sugar production is anticipated over the next three financial years, but the overall production volumes are likely to remain below the 603 000 tons achieved in the 2020 financial year. - The lower production level has resulted in a reduction in the Group's share of the industry which has had an adverse impact on the cash flows of the business in the current and forecast years. - Local market demand remains in line with expectations and exports benefitting from a higher world sugar price which has had a positive impact on cash flows.
<i>Properties</i>	<ul style="list-style-type: none"> - The timing of forecast sales in the current and subsequent financial years has been deferred to compensate for a delay of up to six months in concluding sales agreements, as a result of the current depressed property market and post the riots. - Due to lower than projected sales and delays in obtaining various approvals, infrastructure expenditure has been deferred, to target a cash neutral position.
<i>Other</i>	<ul style="list-style-type: none"> - Dividends from the Zimbabwe operations will be lower than the 2021 financial year owing to some restrictions on invoicing local sales in foreign currency during October 2021 (refer to Note 12 <i>Events Occurring After The Reporting Date</i>). - No dividend or payment of operational support fees have been forecast to be received from the Mozambique operation due to restrictions on such distributions by lenders.

Strategic debt reduction initiatives

Interest on the Senior Facility C and Senior Facility D, the two PIK loan instruments, is capitalised so as not to impact the liquidity of the business. The debt refinance affords the Company the ability to settle the PIK loan instruments (both the principle and capitalised interest) through the proceeds of various strategic debt reduction initiatives, namely an equity capital raise, the disposal of its sugar assets, the disposal of strategic landholdings, or a combination thereof.

The Group has undertaken the following strategic debt reduction initiatives in order to pay down the remaining debt (i.e. repay the PIK instruments). These initiatives are summarised below and align to the negotiations with lenders.

<i>Equity capital raise</i>	<p>Senior Facility C is earmarked to be repaid from the proceeds of an equity capital raise. A minimum of R2 billion, or such higher amount as may be required to discharge the principle plus all accrued but unpaid interest, is required to be raised by way of equity. In terms of the agreements with the lenders, any surplus proceeds arising from the initiatives to repay Senior Facility C must first be allocated to repay Senior Facility D.</p> <p>The Company has recently announced a proposed rights offer of up to R4 billion and Magister Investments Limited ("Magister") has committed R2 billion to partially underwrite the rights offer. Magister has provided the Company with a guarantee from a South African bank in relation to its underwriting commitment.</p> <p>The upsize on the equity capital raise from R2 billion to R4 billion is being pursued in order to either settle or materially reduce the amounts owing under Senior Facility D.</p> <p>The transaction is subject to the requisite shareholder resolutions being adopted by the Company's existing shareholders and currently has the support of shareholders holding 38.6% of the issued shares.</p> <p>The Company is engaging with other parties to conclude further underwriting agreements. Various steps to facilitate the equity capital raise must be completed by certain times with the proceeds ultimately required to be received by no later than 14 April 2022.</p> <p>The equity capital raise is the primary option being explored for debt reduction as the Board believes there is more value for shareholders in maintaining the Group's operations intact.</p>
<i>Disposal of sugar operations</i>	<p>To the extent that equity capital raise proceeds are below the minimum required to settle Senior Facility C, or an equity capital raise is not pursued, there will be a 'step-up' in the interest rate margins across all facilities and the Company will be required to progress the disposal (or part disposal) of one or more of its sugar operations.</p> <p>The Group would have to conclude the signed transaction agreements within twelve months of the date the equity capital raise fails or does not raise the minimum proceeds required. The proceeds from the transactions are required by no later than eighteen months from that same date. The cumulative proceeds from these asset disposals must be sufficient to settle the principle and capitalised interest outstanding on Senior Facility C.</p>
<i>Disposal of strategic landholdings</i>	<p>The Group continues to pursue the disposal of its longer-term strategic landholdings in order to settle the principle and capitalised interest outstanding on Senior Facility D as an alternate to the upsize of the equity capital raise. The Group has commenced engagements with the market at large to accelerate property disposal opportunities.</p> <p>During the period, negotiations that were far-advanced in respect of a sale of strategic landholdings for c.R770 million failed to reach a favourable conclusion and the sales process was terminated in September 2021. With the increase in Senior Facility D from R1.17 billion to R1.59 billion, and without any major transaction to underpin the repayment plan, a risk exists that the Company may be required to sell large tracts of its strategic landholdings in a depressed property market.</p> <p>An upsized equity capital raise would help to avert this outcome and allow the Company to follow a more orderly process to realise value from the landholdings for the benefit of its shareholders.</p>

Mozambique liquidity and debt restructure

The Mozambique debt facilities were refinanced on 30 July 2021, providing the business with certainty of funding until 30 July 2023. These debt facilities are secured by the assets of the Mozambique entities and the lenders do not have any recourse back to the South African entities in the event of a default occurring.

At 30 September 2021, the Mozambique operations had debt of R902 million and were generating sufficient operational cash flows to service the interest on the debt. While the leverage ratio at 30 September 2021 (calculated on a rolling twelve month basis) was 2.2 times, the debt remains high in the context of Mozambique where the prime lending rate exceeds 18%. The high interest rate limits the cash available to de-gear which in turn extends the timeline before restrictions on dividend or operational support fees payments to the support the liquidity of the South African business can be eased.

In the context of the high interest rate environment, the Mozambique operation defaulted on the cash interest cover ratio financial covenant as at 30 September 2021. The covenant measurement was impacted by seasonal variances on working capital cash flows, as well as an estimated 3% increase in the prime lending rate, which was not anticipated at the time the covenants were agreed with lenders. The Mozambique lenders have subsequently waived the covenant for this measurement date and management has implemented enhanced controls in respect of covenant monitoring going forward.

In assessing the liquidity forecasts management have assumed that raw sugar production achieved for the 2021/2022 season will be c.190 000 tons, below the 202 000 tons anticipated at 31 March 2021. Demand expectations remain strong and are expected to exceed the prior year.

Zimbabwe liquidity and currency dynamics

In Zimbabwe, the business is in a net cash position at 30 September 2021 with total debt of R162 million and cash balances of R414 million. With complex currency dynamics in the country, both the US Dollar and Zimbabwe Dollar cash flows are monitored closely to avoid the potential of a liquidity shortage in either currency. Efforts have also been focused on securing additional multi-currency facilities to ensure the Group has sufficient headroom to absorb any unforeseen volatility, and allow dividend and operational support fee payments to be sustained.

Conclusion in respect of material uncertainty relating to going concern

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

After carefully considering the revised debt terms, the Board has concluded that the Group should be able to discharge its liabilities in the normal course of business if the plans put in place and outlined above come to fruition. Consequently, the interim condensed consolidated financial statements have been prepared on the going concern basis. However, the Board has further concluded that a material uncertainty related to going concern exists in relation to the success of the debt restructure initiatives given that the outcome is still uncertain, and the liquidity dependencies in the South African businesses (including the reliance on cash inflows from the Zimbabwe operations). As a result, the Group may be unable to realise its assets or discharge its liabilities in the ordinary course of business.

The Board is of the view that the actions that have been implemented under challenging circumstances to achieve significant de-gearing to date, and those actions that are currently underway, and if successfully implemented, would be sufficient to mitigate the material uncertainty to an acceptable level.

The Board remains focused on and committed to the continued turnaround of the Group.

1. RESTATEMENT OF PRIOR PERIOD FINANCIAL INFORMATION

The Group has restated comparative information for errors identified as part of the activities to transition to new auditors. In terms of the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, this correction has been applied retrospectively, effective the beginning of the earliest period presented, being 1 April 2020. The detail pertaining to and financial effect of the restatements is provided below.

Background information on the prior period restatements

a) South African sugar industry equalisation mechanism

Context

The South African Sugar Association ("SASA") was constituted to oversee the functioning of the South African sugar industry in terms of the Sugar Industry Agreement, 2000. Under this agreement, each sugar miller is allocated a share of both the local market and export market based on its saleable production relative to the total industry's production.

As local market prices are at a substantial premium to export market prices, SASA uses the local market redistribution and export allocation processes as an 'equalisation mechanism' to ensure that all sugar millers have an equitable exposure to both local and export markets. As a result, each miller ultimately receives a weighted average selling price for the sugar produced regardless of the market into which it is sold. This principle is fundamental to the South African sugar industry because all sugar millers pay the same industry-determined price to farmers for sugarcane.

The local market redistribution processes require sugar millers whose sales into the local market exceed their share of the local market to pay SASA an amount (based on local market pricing) for redistribution to sugar millers who sold less than their share.

In respect of export sales, sugar millers are obliged to deliver all sugar produced and not sold into the local market to SASA for export. With some exceptions, SASA is responsible for exporting sugar on behalf of the sugar industry, recovering the proceeds for export cargos from customers and allocating these proceeds to the sugar millers. Every sugar miller receives its share of the export proceeds, irrespective of whether the sugar miller supplied physical sugar to SASA for export or not.

Restatement

In the annual financial statements for the year ended 31 March 2021, both the export proceeds and the local market redistribution amounts were treated as being in the scope of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") and recorded as revenue with the necessary detail disclosed in the supporting note. Management previously concluded that this accounting treatment would be consistent with the principle underlying the South African sugar industry whereby all sugar millers ultimately receive a weighted average selling price for the sugar produced.

As disclosed in the annual financial statements, management applied judgment when it determined the accounting treatment for the local market redistributions to be similar to variable consideration and within the scope of IFRS 15. This judgement took into consideration clarification by the IASB that the amounts to which the entity has rights under the present contract can be paid by any party (i.e. not only by the customer). In addition, management considered a number of options in deciding the appropriate accounting treatment, including those where the local market redistributions fell outside the scope of IFRS 15.

Management has reviewed its judgement and, on the basis that SASA is not the Group's customer, determined that neither the export proceeds allocations nor the local market redistribution fall within the scope of IFRS 15. Therefore, the Group's condensed consolidated financial statements for the six months ended 30 September 2020 and the annual financial statements for the year ended 31 March 2021 have been restated.

The export proceeds and local market redistributions have been disclosed within gross profit as an additional 'sugar industry equalisation' line on the face of the 'statement of profit or loss and other comprehensive income'. Revenue on the face of the 'statement of profit or loss and other comprehensive income' will be restated for this change. Management has determined that this disclosure will best achieve fair presentation as required by IAS 1 *Presentation of Financial Statements*.

There is no impact on gross profit, operating profit, (loss)/profit before taxation, (loss)/profit from continuing operations, profit for the period or total comprehensive income/(loss) for the period. In addition, basic and diluted earnings per share and basic and diluted headline earnings per share are not impacted.

Furthermore, there is no impact of the restatement on the 'statement of financial position', 'statement of changes in equity' and 'statement of cash flows'.

b) South African sugar export proceeds received in advance

At 30 September 2020, the sugar volume upon which export proceeds had been allocated to the Company exceeded the sugar volume upon which the local market redistribution had been determined by 47 000 tons. As the export proceeds had been recognised as revenue in the comparative period, management derecognised 47 000 tons of sugar inventory and recorded this as 'cost of sales'. This is similar to how SASA adjusts physical stocks for timing differences at the end of season. On review, management concluded that as the Company retains control over the stock, the inventory should not have been derecognised and the export proceeds should have been recognised as income received in advance (and not under IFRS 15).

The condensed consolidated interim financial statements have been restated to reduce the export proceeds reflected in 'sugar industry equalisation' by R252 million (with a corresponding amount recognised as income received in advance on the 'statement of financial position') and reduce 'cost of sales' by R275 million (with R252 million recognised as inventory and R23 million recognised as a prepayment of industry levies on the 'statement of financial position'). There was no gross profit on the sale as stock designated for export markets is valued at net realisable

value. The gross profit impact of R23 million relates to industry levies that are consequently paid in advance. The associated tax adjustment of R7 million has been offset by an additional recognition of the unprovided deferred tax on the Company's tax loss, resulting in no net change in the deferred taxation expense or deferred tax balance.

As these timing differences have been resolved at the end of the season, there is no restatement in respect of the Group's consolidated annual financial statements for the year ended 31 March 2021.

c) Sugar inventory – work in progress

At 30 September 2020, there was product at various production stages within the sugar mill (i.e. work-in-progress) that was not assigned any value by the enterprise resource planning system. The manual adjustment for work-in-progress was overlooked by management and has resulted in an error of R42 million at 30 September 2020. The value ascribed to the work-in-progress represents the costs of the sugarcane being milled and any directly attributable labour costs and overheads incurred during the sugar milling process.

The condensed consolidated financial statements have been restated for the error which resulted in an overstatement, in the period ended 30 September 2020, of 'cost of sales' of R42 million and an understatement of inventories of the same amount. The associated tax adjustment of R12 million has been offset by an additional recognition of the unprovided deferred tax on the Company's tax loss, resulting in no net change in the deferred taxation expense or deferred tax balance.

There is no restatement in respect of the Group's consolidated annual financial statements for the year ended 31 March 2021 as the sugar milling season is complete and there is only an immaterial amount of product in process in the sugar mill at the year end reporting date.

d) Hyperinflation adjustments to cost of sales

IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29") requires all items in the 'statement of profit or loss and other comprehensive income' to be presented in terms of the measuring unit current at the end of the reporting period, by applying the change in the general price index from the dates when the items of income and expenses were initially recorded in the financial statements.

Since IAS 29 became applicable to entities in Zimbabwe, the Group has consistently used the direct method to adjust 'cost of sales' for hyperinflation. In terms of the direct method, monthly inflation indices are used to adjust the historical 'cost of sales' expense from the date the sale occurred. Management believed this method to be compliant with IAS 29 and had applied it in its previously audited annual financial statements.

In the current year, management has reviewed the use of the direct method in respect of 'cost of sales'. After due consideration, the Group has revised its approach and retrospectively applied the indirect method to hyperinflate 'cost of sales', to align with what others in manufacturing industries are doing. In terms of the indirect method, each component used to determine the 'cost of sales' expense (opening stock, production costs and closing stock) is adjusted for hyperinflation separately rather than adjusting the 'cost of sales' expense as a whole. In effect, this method applies hyperinflation to the 'cost of sales' expense from the date the sugar was produced rather than the date it was sold. The use of the indirect method aligns the method used to adjust 'cost of sales' with that used for 'depreciation' and 'fair value movements on biological assets' and improves the relationship between the inflation adjustments applied to the 'statement of financial position' and those applied to the 'statement of profit or loss and other comprehensive income'.

This revision has resulted in a restatement of amounts in the 'statement of profit or loss and other comprehensive income' between 'cost of sales', 'taxation' and 'net monetary loss' with effect from 1 April 2020. While operating profit for the six months ended 30 September 2020 and the twelve months ended 31 March 2021 has decreased by R305 million and R711 million respectively, there has been no impact on profit after taxation, earnings and headline earnings per share (basic and diluted) or the statement of financial position. While there is no impact on the 'statement of cash flows', line items within the 'cash generated from operations' note have been restated with no impact on the total 'cash generated from operations'.

Financial impact of prior period restatements

The financial impact of the restatement of prior period financial information has been presented in these condensed consolidated financial statements for each of the headings and sub-totals included in the 2021 annual financial statements, as well as the specific line items affected by the restatement. The line items that have not changed and remain the same as what was presented in the prior period financial information have not been disclosed. Consequently, the sub-totals presented will not be able to be recomputed.

Six months ended 30 September 2020

The impact of the adjustments for the six months ended 30 September 2020 is as below.

Condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2020

	6 months ended 30 September 2020					Restated
	As presented (Reviewed)	South African sugar industry equalisation mechanism Note 1(a)	South African sugar export proceeds received in advance Note 1(b)	Sugar inventory – work in progress Note 1(c)	Hyperinflation adjustments to cost of sales Note 1(d)	
R' million						
Continuing operations						
Revenue	8 248	(127)	-	-	-	8 121
Sugar industry equalisation	-	127	(252)	-	-	(125)
Cost of sales	(5 126)	-	275	42	(305)	(5 114)
Gross profit	3 122	-	23	42	(305)	2 882
Operating profit	1 910	-	23	42	(305)	1 670
Net monetary loss arising from hyperinflation in Zimbabwe	(301)	-	-	-	230	(71)
Profit before taxation	561	-	23	42	(75)	551
Taxation	(241)	-	-	-	75	(166)
Profit from continuing operations	320	-	23	42	-	385
Profit for the period	491	-	23	42	-	556
Other comprehensive loss for the period, net of tax	(904)	-	23	42	-	(904)
Total comprehensive loss for the period	(413)	-	23	42	-	(348)

	As presented (Reviewed)	Combined restatement impact	Restated
Earnings per share arising from profit from continuing operations attributable to the Owners of Tongaat Hulett Limited – Basic and diluted (cents)	32	48	80
Earnings per share arising from profit, from continuing and discontinued operations, attributable to the owners of Tongaat Hulett Limited - Basic and diluted (cents)	166	48	214

Condensed consolidated statement of financial position as at 30 September 2020

	30 September 2020					Restated
	As presented (Reviewed)	South African sugar industry equalisation mechanism Note 1(a)	South African sugar export proceeds received in advance Note 1(b)	Sugar inventory – work in progress Note 1(c)	Hyperinflation adjustments to cost of sales Note 1(d)	
R' million						
ASSETS						
Total non-current assets	6 634	-	-	-	-	6 634
Current assets						
Inventories	4 609	-	252	42	-	4 903
Trade and other receivables	1 507	-	23	-	-	1 530
Total current assets	11 430	-	275	42	-	11 747
TOTAL ASSETS	18 064	-	275	42	-	18 381
EQUITY AND LIABILITIES						
Capital and reserves						
Accumulated losses	(3 321)	-	23	42	-	(3 256)
TOTAL EQUITY	(2 173)	-	23	42	-	(2 108)
Total non-current liabilities	2 835	-	-	-	-	2 835
Current liabilities						
Trade and other payables	3 467	-	252	-	-	3 719
Total current liabilities	17 402	-	252	-	-	17 654
TOTAL LIABILITIES	20 237	-	252	-	-	20 489
TOTAL EQUITY AND LIABILITIES	18 064	-	275	42	-	18 381

Condensed consolidated statement of cash flows for the six months ended 30 September 2020

While there is no impact on the condensed consolidated 'statement of cash flows' for the six months ended 30 September 2020, line items within the 'cash generated from operations' note have been restated with no impact on the total 'cash generated from operations'.

Twelve months ended 31 March 2021

The impact of the adjustments for the year ended 31 March 2021 is as below.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021

	12 months ended 31 March 2021					Restated
	As presented (Audited)	South African sugar industry equalisation mechanism Note 1(a)	South African sugar export proceeds received in advance Note 1(b)	Sugar inventory – work in progress Note 1(c)	Hyperinflation adjustments to cost of sales Note 1(d)	
R' million						
Continuing operations						
Revenue	14 918	536	-	-	-	15 454
Sugar industry equalisation	-	(536)	-	-	-	(536)
Cost of sales	(10 649)	-	-	-	(711)	(11 360)
Gross profit	4 269	-	-	-	(711)	3 558
Operating profit	1 818	-	-	-	(711)	1 107
Net monetary loss arising from hyperinflation in Zimbabwe	(626)	-	-	-	535	(91)
Loss before taxation	(369)	-	-	-	(176)	(545)
Taxation	(259)	-	-	-	176	(83)
Loss from continuing operations	(628)	-	-	-	-	(628)
Profit for the period	2 720	-	-	-	-	2 720
Other comprehensive loss for the period, net of tax	(993)	-	-	-	-	(993)
Total comprehensive loss for the period	1 727	-	-	-	-	1 727

There is no impact on the earnings per share arising from profit attributable to the owners of Tongaat Hulett Limited, from either continuing or discontinued operations.

Consolidated statement of financial position as at 31 March 2021

There is no impact on the consolidated 'statement of financial position' as at 31 March 2021.

Consolidated statement of cash flows for the year ended 31 March 2021

While there is no impact on the condensed consolidated 'statement of cash flows' for the year 31 March 2021, line items within the cash generated from operations note have been restated with no impact on the total 'cash generated from operations'.

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 maker (CODM) to make key decisions, allocate resources and to assess performance. The CODM is the Group's Executive Committee. The Group's reportable segments are operating segments that are differentiated by the activities that each undertakes, the products that they market or manufacture and, in the case of the sugar operations, the geographic location of business.

The following reportable segments have been identified:

SUGAR OPERATIONS	Growing and processing of sugarcane to produce raw and refined sugar for sale to local and export markets. Downstream activities include the manufacture of animal feeds and ethanol.
PROPERTY	Conversion and development of agricultural land for sale 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, cash flows and capital employed.

For the analysis of the Group's segmental performance below, the profits and cash flows reported represent the results of the business segment before the allocation of central administration costs, finance costs/income and taxation. Finance costs/income and taxation 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.

With the application of hyperinflation accounting for its Zimbabwe operations, the CODM reviews the financial performance and position of the Group both with and without the results of this operation. Consequently, additional totals have been included in the segment report.

Seasonality effects on the Sugar operating segments

The financial results of the sugar operations, being largely agricultural in nature, are significantly affected by seasonality. The financial results of a complete season, which include sugarcane cultivation, harvesting, milling and refining activities, are captured in the twelve month results to 31 March. Due to this seasonality, there are a number of factors that can impact period-on-period comparability of the financial results presented in the interim condensed consolidated financial statements, and limit the ability to use the financial performance in the first half of the year to forecast the full year financial performance. These factors include:

- In terms of various sugar industry agreements, certain cash payments and receipts occurring during the season are derived from the expected production tonnages, estimated sales volumes into different markets, and prices to be achieved for the season as a whole. The effect of this is that sugar sales proceeds received, and sugarcane prices paid (i.e. sucrose or sugarcane) may be provisional in nature until the conclusion of the season.
- The timing of when the sugar season commences, or any other delay in the season (e.g. industrial action, heavy rainfall) can affect the production volumes recorded in the interim reporting period and create period-on-period timing differences that may not be indicative of underlying operational or financial performance.
- At the end of an interim reporting period, the quantity of sugar stock designated for sale into low-priced export markets may vary considerably and necessitate an adjustment of this stock to its net realisable value
- A sugar mill operates for approximately nine months of the year and has to produce sufficient stocks to be sold into the market over twelve months. As a consequence, the working capital requirements to fund the build-up of inventory peak between September and December. In addition, during the three month shutdown a significant amount of maintenance is carried out to restore the plant and machinery to its condition at the beginning of the season. The maintenance shutdown is also the period where a significant amount of capital expenditure is incurred ahead of the new season.
- Biological assets are influenced by the age profile of standing cane with an increase in the average age towards the end of the financial year prior to the commencement of the harvesting season.

Business segments

6 months ended 30 September 2021	Continuing Operations										
	Sugar Operations						Property	Corporate	Total Continuing Operations	Total Continuing Operations - excluding Zimbabwe	
	South Africa	Mozambique	Other SADC ¹	Total Sugar Operations - excluding Zimbabwe	Zimbabwe	Inter-segment ²					Total Sugar Operations
Reviewed											
R' million											
Segment revenue	3 380	1 334	218	4 932	3 725	(238)	8 419	83	-	8 502	4 874
External customers	3 278	1 295	218	4 791	3 628	-	8 419	83	-	8 502	4 874
Inter-segment	102	39	-	141	97	(238)	-	-	-	-	-
Operating profit	102	259	19	380	1 043	(13)	1 410	(16)	(100)	1 294	251
Depreciation and amortisation	91	84	1	176	128	-	304	-	1	305	177
EBITDA ³	193	343	20	556	1 171	(13)	1 714	(16)	(99)	1 599	428
Non-trading items - loss / (profit) ⁴	(27)	-	-	(27)	-	-	(27)	-	-	(27)	(27)
Fair value adjustments to biological assets	8	170	-	178	(212)	-	(34)	-	-	(34)	178
Adjusted EBITDA ⁵	174	513	20	707	959	(13)	1 653	(16)	(99)	1 538	579
Segment assets ⁶	3 354	2 863	145	6 362	7 288	-	13 650	1 486	34	15 170	7 882
Segment cash flows ⁷	252	452	13	717	311	-	1 028	37	(107)	958	647
Capital expenditure ⁸	(76)	(28)	(1)	(105)	(107)	-	(212)	-	-	(212)	(105)
Ongoing - Property, plant and equipment	(74)	(1)	(1)	(76)	(57)	-	(133)	-	-	(133)	(76)
Ongoing - Cane roots	(1)	(26)	-	(27)	(48)	-	(75)	-	-	(75)	(27)
Intangibles	(1)	(1)	-	(2)	(2)	-	(4)	-	-	(4)	(2)

6 months ended 30 September 2020	Continuing Operations										
	Sugar Operations						Property	Corporate	Total Continuing Operations	Total Continuing Operations - excluding Zimbabwe	
	South Africa	Mozambique	Other SADC ¹	Total Sugar Operations - excluding Zimbabwe	Zimbabwe	Inter-segment ²					Total Sugar Operations
Restated ⁹											
R' million											
Segment revenue	3 404	1 214	672	5 290	3 075	(297)	8 068	53	-	8 121	5 112
External customers	3 197	1 190	672	5 059	3 009	-	8 068	53	-	8 121	5 112
Inter-segment	207	24	-	231	66	(297)	-	-	-	-	-
Operating profit	319	59	281	659	1 227	-	1 886	(47)	(169)	1 670	443
Depreciation and amortisation	79	91	5	175	78	-	253	1	1	255	177
EBITDA ³	398	150	286	834	1 305	-	2 139	(46)	(168)	1 925	620
Non-trading items - loss / (profit) ⁴	-	36	(183)	(147)	-	-	(147)	-	-	(147)	(147)
Fair value adjustments to biological assets	6	156	47	209	316	-	525	-	-	525	209
Adjusted EBITDA ⁵	404	342	150	896	1 621	-	2 517	(46)	(168)	2 303	682
Segment assets ⁶	3 790	2 898	347	7 035	5 201	-	12 236	1 514	74	13 824	8 623
Segment cash flows ⁷	217	600	148	965	781	-	1 746	(83)	(295)	1 368	587
Capital expenditure ⁸	(98)	(44)	(12)	(154)	(37)	-	(191)	(1)	-	(192)	(155)
Ongoing - Property, plant and equipment	(95)	(3)	(6)	(104)	(14)	-	(118)	(1)	-	(119)	(105)
Ongoing - Cane roots	(1)	(41)	(6)	(48)	(23)	-	(71)	-	-	(71)	(48)
Intangibles	(2)	-	-	(2)	-	-	(2)	-	-	(2)	(2)

12 months ended 31 March 2021

Restated ⁹

R' million

Continuing Operations										
Sugar Operations							Property	Corporate	Total Continuing Operations	Total Continuing Operations - excluding Zimbabwe
South Africa	Mozambique	Other SADC ¹	Total Sugar Operations - excluding Zimbabwe	Zimbabwe	Inter-segment ²	Total Sugar Operations				
6 748	1 845	933	9 526	6 162	(482)	15 206	248	-	15 454	9 423
6 432	1 810	933	9 175	6 031	-	15 206	248	-	15 454	9 423
316	35	-	351	131	(482)	-	-	-	-	-
(388)	230	482	324	867	-	1 191	58	(142)	1 107	240
163	181	12	356	157	-	513	1	1	515	358
(225)	411	494	680	1 024	-	1 704	59	(141)	1 622	598
134	-	(375)	(241)	-	-	(241)	-	-	(241)	(241)
(9)	(19)	52	24	381	-	405	-	-	405	24
(100)	392	171	463	1 405	-	1 868	59	(141)	1 786	381
2 920	2 793	139	5 852	4 454	-	10 306	1 517	66	11 889	7 435
(31)	286	202	457	1 267	-	1 724	(78)	(133)	1 513	246
(217)	(89)	(16)	(322)	(115)	-	(437)	(4)	(6)	(447)	(332)
(191)	(36)	(8)	(235)	(48)	-	(283)	(4)	(2)	(289)	(241)
(16)	(51)	(8)	(75)	(67)	-	(142)	-	-	(142)	(75)
(10)	(2)	-	(12)	-	-	(12)	-	(4)	(16)	(16)

Notes:

- For the 2022 financial year, 'Other SADC' segment comprises a sugar distribution operation in Botswana. The operations in Eswatini and Namibia were disposed of during the 2021 financial year.
- The inter-segment column eliminates the results of any trading between two business segments. When determining the revenue for total continuing operations excluding the Zimbabwe segment, the elimination of the sales between Zimbabwe and the Other SADC segment of R97 million (2020: R66 million) is disregarded from the sub-total.
- EBITDA (a non-IFRS measure) is defined as profit from operations adjusted to exclude depreciation of property, plant and equipment and amortisation of intangible assets.
- In the context of the Group, non-trading items is defined as any impairment of assets in terms of IAS 36 Impairment of Assets, any profit/loss on disposal of immovable property (not forming part of the land portfolio), the loss on derecognition of any item of property, plant and equipment or intangible asset that arises from events outside of the Group's normal business activities (e.g. expropriation).
- Adjusted EBITDA (a non-IFRS measure) is defined as EBITDA adjusted to exclude any non-trading items as well as any fair value adjustments related to biological assets.
- Segment assets (a non-IFRS measure) represent total assets, adjusted to exclude deferred tax assets, current tax assets, cash and cash equivalents and derivative financial instruments. In the prior year, segment assets specifically included assets classified as held for sale, with the same definition and exclusions.
- Segmental cash flows (a non-IFRS measure) is defined as the total of cash flows from operating and investing activities excluding taxation paid, expansion capital expenditure, finance income and proceeds received pursuant to the Group's debt reduction plan.
- Capital expenditure comprises additions to property, plant and equipment (including cane roots) as well as intangible assets.
- The segment reports for the six months ended 30 September 2020 and for the 12 months ended 31 March 2021 were restated. Please refer to Note 1 Restatement of Prior Period Financial Information for further details.

Reconciliation of segmental assets

R' million	30 September 2021 Reviewed	30 September 2020 Reviewed Restated
Segment assets	15 170	13 824
<i>Add: Excluded items</i>	1 365	4 557
Deferred tax assets	193	685
Pension fund employer surplus	91	274
Current tax assets	17	114
Derivative instruments	-	8
Assets classified as held for sale	-	2 648
Deferred purchase consideration – Starch disposal	465	-
Cash and cash equivalents	599	828
Total assets	16 535	18 381

Reconciliation of segmental cash flows

R' million	30 September 2021 Reviewed	30 September 2020 Reviewed
Segment cash flows – continuing operations	958	1 368
<i>Add: Excluded items</i>	(938)	(1 173)
Taxation paid	(129)	(153)
Finance income	25	10
Proceeds on disposal of businesses	-	220
Dividends received (including from associates)	2	-
Debt reduction proceeds received not in the ordinary course of business	36	-
Cash outflow in respect of discontinued operations	-	(233)
Net cash outflow from financing activities including net finance costs and dividends	(872)	(1 017)
Net increase in cash and cash equivalents	20	195

Geographical segments

The information below is based on the location of the customers.

R' million	South Africa	Mozambique	Zimbabwe	Rest of Africa	North and South America	Europe and Middle East	Asia - Pacific	Total
Revenue								
2021	3 334	1 093	3 411	397	204	62	1	8 502
2020	3 196	863	2 236	1 480	271	75	-	8 121

3. CHANGE IN ESTIMATE

Intangible Assets

In accordance with its policy, the Group reviews the estimated useful lives of its intangible assets on an ongoing basis. This review indicated that the remaining useful life of the SAP software should be reduced to better reflect the estimated period that management believe this asset will remain in use before the Group intends to upgrade to the latest SAP version. As a result, effective 1 April 2021, the Group changed the remaining useful life of the SAP software to 3 years. The financial effect of the change in estimate on the 'statement of profit and loss and other comprehensive income' is as follows:

R' million	6 months to 30 September 2021	12 months to 31 March 2022	12 months to 31 March 2023	12 months to 31 March 2024	1 April 2024 to 31 March 2028
Increase / (decrease) in 'Administrative and other expenses'	19	39	39	39	(117)

4. BIOLOGICAL ASSETS

R' million	31 March 2021 Audited	Changes in fair value				Foreign currency translation, including the effect of hyperinflation	30 September 2021 Reviewed	30 September 2020 Reviewed
		Loss arising from physical growth and crop age	(Loss) / gain arising from price changes	Gain arising from changes in area actively farmed	Net gain arising from livestock lifecycle			
Livestock and Orchards	48 -		(15)	-	23	13	69	30
Standing Cane	1 597	(582)	544	64	-	311	1 934	1 470
Total	1 645	(582)	530	64	23	324	2 003	1 500

Further information

The Group's growing crops mainly comprise standing cane (i.e. sugarcane that is growing in the field) and the cane roots (i.e. bearer plant) from which the standing cane grows. Cane roots have been accounted for in accordance with IAS16 *Property, Plant and Equipment*. Incidental to its core operations, the Zimbabwe operation has a cattle ranching business with a livestock population of approximately 5 115 heads (2020: 5 253 heads). In addition, the Zimbabwe operation has a small citrus fruit business. The fair value of the livestock is determined with reference to prevailing market prices and on 30 September 2021 had a carrying amount of R63 million (2020: R 30 million). At 30 September 2020, the fruit orchards had a carrying amount of R6 million (2020: R 1 million).

The Lowveld Sugarcane Development Trust ("LSDT") has estimated the cost to complete the 4 000 hectare expansion of area under sugarcane in Zimbabwe to be USD 32.5 million. As at 30 September 2021, approximately 2 657 hectares (2020: 2 657 hectares) of land has been cleared in preparation for planting, of which 562 hectares (2020: 562 hectares) has been planted. The completion of this project is dependent on the ability of LSDT to secure external funding, which is in turn dependent on the Government of Zimbabwe providing clarity on security of tenure for the land being developed.

Encumbrances

Biological assets in South Africa with a carrying value of R 136 million (2020: R 129 million) have been provided as security for its South African debt facilities in terms of the general notarial bonds and mortgage bonds registered over the Company's South African assets.

Standing cane

Standing cane is measured at fair value and is categorised as Level 3 under the fair value hierarchy. Fair value is determined using assumptions for both the estimated physical quantity of cane in the field and the estimated price the standing cane will realise. The unobservable inputs for the quantity of the standing cane include the cane yield at the date of harvest, the estimated sucrose content at the date of harvest, and the average maturity of the cane at the valuation date (i.e. percentage growth). The unobservable inputs for the price of the standing cane include the sucrose price for the season, harvesting costs, transport costs, and over the weighbridge costs. Changes in the fair value are included in profit or loss, with a gain of R26 million (2020: R 516 million loss, including the Eswatini operation that was disposed with effect from 1 December 2021) being recognised in profit or loss in the current period.

The key unobservable inputs used in determining fair value and a reconciliation of the change in fair value for the period are shown below.

	South Africa		Mozambique		Zimbabwe	
	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020
Hectares under cane	12 680	13 688	16 883	17 370	24 238	22 676
Standing cane value (Rand per hectare)	10 694	9 452	11 281	11 068	66 366	50 657
Yield (tons cane per hectare)	55,4	56,0	66,9	77,0	94,2	106,8
Average maturity of cane as at 31 March (%)	48,8	48,5	37,5	35,2	49,4	51,7
Sugarcane tons (equivalent)	342 678	371 784	423 719	470 662	1 127 215	1 250 933
Sugarcane price per ton cane (Rand)	396	348	449	408	1 427	918
Sucrose price per ton (Rand)	5 327	4 778	5 756	5 667	11 953	7 346
Carrying amount as period end (R' millions)	136	129	190	192	1 608	1 149
Changes in fair value (R' millions)	(8)	(6)	(170)	(156)	204	(308)

Valuation process

The valuation of the Group's biological assets is performed by the finance department at each reporting entity with oversight from the finance executive of that entity and ultimately the Chief Financial Officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the finance team that performed the valuation at least once every six months, in line with the Group's half-yearly reporting requirements. Changes in the fair value of biological assets are analysed at the end of each reporting period by the respective finance department and discussed with the CFO. The CFO approves all instances where the assumptions on the physical quantity of the cane are not aligned with actual long-term agricultural performance, or where pricing assumptions deviate from the estimated prices published by sugar industry bodies at or around the reporting date. On a three year rotational basis, the area under cane at each operation is verified using satellite imagery. At the financial year end, a summary of the valuation assumptions used in the biological asset valuation is presented to the Audit and Compliance Committee before results are released.

5. BORROWINGS

The Group's borrowings are condensed in the table below:

R' million	Currency	Interest Rate %	31 March 2021	Capital raised	Capital repaid	Net monetary gain	Effects of foreign currency	Amortisation of debt raising costs and other	30 September 2021	30 September 2020
Borrowings in functional currency										
<i>Secured borrowings at amortised cost</i>										
Senior term loan	ZAR	JIBAR (1 month) plus 5.48%	3 330	-	(61)	-	-	-	3 269	8 592
Senior revolving credit loan	ZAR	JIBAR (1 month) plus 5.94%	1 550	1 750	(1 400)	-	-	-	1 900	1 250
Seasonal senior revolving credit loan	ZAR	JIBAR (1 month) plus 6.34%	-	553	-	-	-	-	553	553
Seasonal senior term loan	ZAR	JIBAR (1 month) plus 4.67%	-	47	-	-	-	-	47	47
General short-term	ZAR	Prime - Prime rate plus 1.15%	236	1 366	(1 587)	-	-	-	15	97
Trade finance – Sugar	ZAR	None	816	-	(816)	-	-	-	-	-
Term loan	MZN	Lower of MZ prime rate less 2.0% and 16.0%	466	-	(494)	-	28	-	-	494
Term loan	MZN	MZ Prime rate less 0.25%	-	619	(59)	-	10	-	570	-
Revolving credit loan	MZN	MZ Prime rate less 0.50%	-	463	(237)	-	4	-	230	-
Sale and leaseback obligation	MZN	31% - 52%	73	3	(10)	-	1	-	67	72
Other short-term	MZN	MZ prime rate less 1.4%	67	-	(37)	-	5	-	35	-
Project finance	ZWL	40% - 55%	24	5	(9)	(5)	7	-	22	39
<i>Unsecured borrowings at amortised cost</i>										
Tongaat Hulett Pension Fund	ZAR	4.6%	96	-	(15)	-	-	2	83	109
Other short-term	MZN	12.7% - 17.9%	428	-	(450)	-	22	-	-	276
General short-term	ZWL	40%	-	189	(159)	(3)	-	-	27	43
Borrowings not in functional currency										
<i>Secured borrowings at amortised cost</i>										
Term loan (Zimbabwe)	USD	US LIBOR (3 month) plus 7.25%	60	110	(54)	(18)	13	-	111	117
<i>Unsecured borrowings at amortised cost</i>										
Term loan (Zimbabwe)	USD	US LIBOR (3 month) plus 4.5%	5	-	(3)	(1)	1	-	2	-
General short-term (Mozambique)	USD	US LIBOR (3 month) plus 3.5%	70	-	(75)	-	5	-	-	81
Unamortised transaction costs relating to the South African facilities			(22)	-	-	-	-	22	-	(44)
Total borrowings			7 199	5 105	(5 466)	(27)	96	24	6 931	11 726
Categorised as follows:										
Current			7 121						6 799	11 625
Non-Current			78						132	101
			7 199						6 931	11 726

South Africa

Restructured senior debt facilities

The restructured senior debt facilities became effective on 10 March 2020 and are governed by a Common Terms Agreement ("CTA") concluded between the Group and the nine respective lenders ("the South African Lenders") such that each individual lender participates in the facilities on the same commercial terms as the other lenders and has the same rights and obligations as it pertains to each of the facilities. The CTA makes provision for four senior facilities (i.e. Facilities A, B, C and D) and the underlying exposures of each individual lender to these facilities is managed by an appointed facility agent. The South African Lenders is bound by an inter-creditor agreement that governs their relationship.

On 4 November 2020, the CTA and facility agreements were amended to revise the final maturity dates for the facilities from 31 March 2021 to 30 September 2021 for Facility A and Facility B, and to 31 March 2022 for Facility C and Facility D. In addition, the debt reduction milestones were revised in light of delays in concluding various transactions arising from the COVID-19 pandemic.

During the period, to facilitate the conclusion of a debt refinance that commence in March 2021, and avoid an event of default, the South African Lenders provided the Company with the following waivers, amendments and support:

- To mitigate the pressure placed on the Company's liquidity caused by operational challenges such as the sugar loss at the refinery and the challenging milling season start-up, the South African Lenders agreed to avail the R600 million seasonal facilities from 5 May 2021, which was earlier than the contractual 31 May 2021 availability date.
- The 31 March 2021 milestone to conclude debt reduction agreements with a cumulative value of R8.1 billion was initially extended to 30 April 2021 before the target was revised to R6.4 billion. Similarly, the 30 June 2021 milestone was also extended and then revised to this same lower amount.
- On 12 July 2021, the South Africa Lenders agreed to waive a breach of the EBITDA and 'free cash flow' financial covenants for the quarter ended 31 March 2021. In addition, the Company has not been able to submit or be measured on financial covenants for the quarters ended 30 June 2021 and 30 September 2021.
- Similarly, the 30 June 2021 milestone to conclude the debt reduction agreements with a cumulative value of R8.1 billion was initially extended to 30 April 2021 before the target was revised to R6.4 billion.

The following pertains to the debt facilities as at 30 September 2021.

Detail	Senior Facility A	Senior Facility B	Senior Facility C	Senior Facility D
Facility amount	R3 269 million	R2 200 million	R553 million	R47 million
Utilised as at 30 September 2021	R3 269 million	R1 900 million	R553 million	R47 million
Average utilisation for the period	R3 286 million	R1 951 million	R548 million	R45 million
Margin per facility agreements	5.73% per annum	6.42% per annum	6.07% per annum	4.40% per annum
Margin applicable at 30 September 2021	The margins below include 6 downward interest rate ratchets and 2 upward interest rate ratchets.			
	5.48% per annum	5.94% per annum	6.34% per annum	4.67% per annum
Weighted average interest rate for the period	8.98%	9.44%	8.30%	6.89%

While the Company and the South African lenders had agreed to refinance the debt facilities, and a credit approved short-form term sheet had been signed on 12 July 2021, the impact of the Kwazulu-Natal riots and the operational challenges have placed further pressure on the Company's liquidity. This necessitated the renegotiation of certain terms of the debt package. Consequently, the new facility agreements were not concluded prior to 30 September 2021 resulting in the maturity date of the facilities being revised on a number of occasions and finally to 6 December 2021. Further details on the refinancing activities have been provided in the 'Going Concern' note in the 'Basis of Preparation' and Note 12 *Events Occurring After The Reporting Date*.

South African Sugar Association trade finance

Annually at March, being the end of the sugar season and the Group's financial year end, the South African Sugar Association advances funds to each of the sugar millers in respect of its 'carry-over' sugar stocks. 'Carry-over' sugar stocks represent sugar that has been designated for sale into the local market in the next sugar season. This trade finance does not bear interest, is repayable as and when the 'carry-over' sugar stocks are sold to the sugar miller's customers, which is typically within the first three months of the following financial year.

Tonga Hulett Pension Fund

The Tonga Hulett Pension Fund 2010 ("THPF2010"), a defined contribution plan, advanced a portion of the employer surplus account to the Company as an interest-bearing loan. The loan bears interest at a floating rate linked to the rate of return on the THPF2010's money market funds plus a premium of 0.75%. The loan is repayable on demand. In terms of Section 19(5) of the Pension Funds Act 1956, the amount invested by a fund in the participating employer cannot exceed 5% of the fund's assets.

Ancillary facilities

Certain ancillary facilities already provided to the Group were not impacted by the refinancing and continued to operate on a bilateral basis with the respective lenders. The facilities relate to guarantees, vehicle and asset finance and the potential future exposure on derivative products (including forward exchange contracts), amongst others. Total facilities of R 837 million are available, of which R922 million was utilised as at 30 September 2021.

The ancillary facilities (excluding any asset backed facilities) rank *pari passu* with the senior term and senior revolving credit facilities in respect of any proceeds realised from the enforcement of transaction security or pursuant to insolvency, business rescue or any related proceedings, provided that, in respect of any derivative instrument, the contingent liability thereunder will only rank *pari passu* as aforementioned to the extent that the applicable Ancillary Facility lender has entered into ISDA documentation in connection with such derivative instrument.

Mozambique

On 18 December 2019, the Group concluded a debt standstill agreement with its six lenders in Mozambique ("the Mozambique Lenders"), having commenced the negotiations in May 2019 to restructure the Mozambique debt facilities. The maturity date of the debt standstill agreement was extended from 30 June 2021 to 31 July 2021 and the refinancing of the Mozambique debt facilities was concluded on 30 July 2021.

The salient terms of the new Mozambique facilities are:

Detail	Facility A Term Loan Facility	Facility B Revolving Credit Loan Facility																				
Facility amount	MZN 2 419 million (R570 million).	MZN 2 000 million (R473 million).																				
Purpose	To refinance the amount outstanding under the existing facilities.	To partially refinance any residual amounts outstanding under the existing facilities and may be used for general corporate and working capital purposes.																				
Repayment date	30 July 2023 (24 month tenor)	30 July 2023 (24 month tenor)																				
Repayment	<p>Interest payable in cash at the end of each interest period.</p> <p>After each Measurement Date (refer to financial covenants below) any excess cash (cash on hand less the amount outstanding under Facility B and a minimum cash balance of MZN 100 million) will be used to prepay the facilities.</p> <p>The total amounts outstanding under Facility A at the end of the tenor shall be repaid in full.</p>	<p>Interest payable in cash at the end of each interest period.</p> <p>A portion (25%) of all industry sales proceeds received receipts is required to repay the facility. The facility is revolving in nature such that any repayments may be redrawn up to the facility limit for the duration of the facility</p> <p>The total amounts outstanding under Facility B at the end of the tenor shall be repaid in full.</p>																				
Structuring fee	An upfront fee of 0.55% on each total facility commitment.																					
Commitment fee	None.	0.85% per annum on the available commitment.																				
Interest period	1 or 3 months at the election of the borrower.																					
Base interest rate	Mozambique prime lending rate.																					
Margin	Less 0.25% per annum.	less 0.50% per annum.																				
Interest rate applicable at 30 September 2021	18.65%	18.40%																				
Margin ratchet	Margin will be adjusted by 0.50% to 'less 0.75%' from the applicable Measurement Date when the Senior Interest Cover Ratio is greater than or equal to 2.65x.	None.																				
Financial covenants	<p>The financial covenant measurement dates are measured quarterly as detailed below:</p> <table><tr><th>Measurement Date (calculated on a rolling 12 months basis as applicable)</th><th>Ratio of EBITDA to Net Senior Finance Charges (Senior Interest Cover Ratio)</th><th>Ratio of the Cash Flow to Net Senior Finance Charges (Senior Cash Interest Cover Ratio)</th><th>Ratio of the Total Senior Debt to EBITDA (Senior Leverage Ratio)</th></tr><tr><td>30 June 2021</td><td>>2.85x</td><td>>2.1x</td><td><3.0x</td></tr><tr><td>30 September 2021</td><td>>3.0x</td><td>>2.2x</td><td><3.0x</td></tr><tr><td>31 December 2021</td><td>>3.0x</td><td>>2.2x</td><td><3.0x</td></tr><tr><td>31 March 2022</td><td>>3.0x</td><td>>2.4x</td><td><3.0x</td></tr></table>		Measurement Date (calculated on a rolling 12 months basis as applicable)	Ratio of EBITDA to Net Senior Finance Charges (Senior Interest Cover Ratio)	Ratio of the Cash Flow to Net Senior Finance Charges (Senior Cash Interest Cover Ratio)	Ratio of the Total Senior Debt to EBITDA (Senior Leverage Ratio)	30 June 2021	>2.85x	>2.1x	<3.0x	30 September 2021	>3.0x	>2.2x	<3.0x	31 December 2021	>3.0x	>2.2x	<3.0x	31 March 2022	>3.0x	>2.4x	<3.0x
Measurement Date (calculated on a rolling 12 months basis as applicable)	Ratio of EBITDA to Net Senior Finance Charges (Senior Interest Cover Ratio)	Ratio of the Cash Flow to Net Senior Finance Charges (Senior Cash Interest Cover Ratio)	Ratio of the Total Senior Debt to EBITDA (Senior Leverage Ratio)																			
30 June 2021	>2.85x	>2.1x	<3.0x																			
30 September 2021	>3.0x	>2.2x	<3.0x																			
31 December 2021	>3.0x	>2.2x	<3.0x																			
31 March 2022	>3.0x	>2.4x	<3.0x																			

Security	<p>The security package includes both moveable and immoveable assets which comprises mortgage bonds over the mills, refinery and buildings; and security cession of proceeds from sales to the DNA, export sales or receivables and related proceeds collection accounts. The Mozambique lenders have no recourse to the Company.</p> <p>As at 30 September 2021, the book value of the assets supporting the security package was R2 866 million.</p>
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One of the Mozambique lenders who was a party to the debt standstill agreement chose not to participate in the above mentioned refinance. As a result, a bilateral agreement with the lender was concluded on 24 June 2021 to extend the existing working capital facility of MZN 340 million (R80 million) for a period of 24 months, at the Mozambique prime lending rate less 0.25%, a commitment fee of 0.20% per annum on any unutilised amounts, and with the existing security over certain immovable assets at the Mafambisse sugar mill remaining in place.

As a result of a covenant breach at the 30 September 2021 measurement date, the long-term portion of the Mozambique borrowings has been reclassified to a current liability. At the Group's request, the lenders have agreed to waive the covenant breach. Further details are provided in Note 12 *Events occurring after the reporting date*.

Zimbabwe

At 30 September 2021, the Group's borrowings in Zimbabwe totalled R89 million (2020: R230 million), as set out below:

- During April 2021, Triangle Limited increased its existing USD facility from USD 7 million (R105 million equivalent) to USD 15 million (R226 million equivalent). The facility is repayable in monthly instalments up to and including February 2023. The interest rate was reduced from a floating rate of US LIBOR (3 month) plus 7.5% to US LIBOR (3 month) plus 7.25%. The loan continues to be secured by export trade receivables. The balance as at 30 September 2021 was R111 million (USD 7.4 million) compared to R60 million (USD 4.1 million) as at 31 March 2021.
- During the current period Hippo Valley Estates Limited established a multi-currency long term loan facility of USD15 million (R226 million) equivalent with its main banker. The facility may be utilised in both foreign (USD) and local currency (ZWL) at interest rates of 7.25% and 40% respectively. As at 30 September USD 2 million had been drawn down. Additionally, the Group has access to an annually renewable ZWL denominated overdraft facility of ZWL450 million (R79 million) with another lender at 40% interest to support the peak working capital requirement of the sugar season. At 30 September 2021, this overdraft facility was not utilised.
- The Lowveld Sugarcane Development Trust raised term loans totalling R22 million (2020: R95 million) to partially fund a 4 000 hectare expansion of the area under cane that supplies the Group's two sugar mills. The loans are repayable by 31 March 2024, bear interest at fixed rates of between 40% and 55% and are secured by a "crop stop order" over the proceeds from the sale of the sugarcane.

The Group has given consideration to the future replacement of LIBOR as a benchmark interest rate. The respective facility agreements have been amended to allow the transition to an interest rate that is the successor to LIBOR or an alternative rate that is considered customary market usage. The agreements make a provision to adjust the margin so that neither party is economically prejudiced as a result of the change. The financial impact is not expected to be material.

6. REVENUE

The Group generates revenue primarily from the sale of land, sugar 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:

	30 September 2021	30 September 2020	31 March 2021
R' million	Reviewed	Reviewed Restated	Audited Restated
Revenue from contracts with customers is disaggregated below:			
Sugar operations			
South Africa	3 278	3 197	6 432
Sugar sales - local market	2 668	2 557	5 212
Sugar sales - export market	24	53	97
Molasses	72	99	64
Animal feeds	514	488	1 059
Zimbabwe	3 628	3 009	6 031
Sugar sales - local market	3 127	1 997	4 703
Sugar sales - export market	217	772	836
Ethanol	245	171	402
Molasses	18	46	27
Livestock and other	21	23	63
Mozambique	1 295	1 190	1 810
Sugar sales - local market	1 062	743	1 151
Sugar sales - export market	166	318	497
Refining fee	25	61	88
Molasses	42	68	74
Other SADC	218	672	933
Sugar sales - local market	218	472	692
Sugarcane sales	-	194	235
Livestock and other	-	6	6
Sub-total sugar operations	8 419	8 068	15 206
Land conversion and development	83	53	248
Township properties	56	6	107
Large land sales	-	30	107
Installation of engineering services	27	17	34
Total revenue	8 502	8 121	15 454
Timing of revenue recognition			
At a point in time	8 475	8 104	15 420
Over time	27	17	34
	8 502	8 121	15 454

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

7. TAXATION

The taxation expense for the interim reporting period represents the sum of current and deferred tax accrued using the statutory rates applicable to the various tax jurisdictions in which the Group operates.

The effective tax rate for the six months ended 30 September 2021 was 96.6% (September 2020: 30.1% restated). The Group's effective tax rate has been impacted significantly by deferred tax assets of R387 million not being recognised for tax losses incurred during the period, and the non-deductible net monetary loss of R110 million (September 2020: R71 million, restated) arising from the hyperinflation accounting in Zimbabwe.

There have been no material changes, during the six months to 30 September 2021, to the Group's uncertain tax positions.

8. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Basic earnings/(loss) per share is calculated based on the profit/(loss) attributable to the owners of Tongaat Hulett and the weighted average number of ordinary shares in issue.

Headline earnings/(loss) per share is calculated based on the headline earnings/(loss) attributable to the owners of Tongaat Hulett and the weighted average number of ordinary shares in issue. The JSE Listings Requirements require the calculation of headline earnings/(loss) and disclosure of a detailed reconciliation of headline earnings to the earnings numbers used in the calculation of basic earnings/(loss) per share. Headline earnings/(loss) is not an IFRS measurement or disclosure requirement. The calculation of headline earnings/(loss) is detailed in Circular 1/2019 issued by the South African Institute of Chartered Accountants Accounting Practices Committee.

Reconciliation of earnings / (loss) used in the calculation of earnings per share

R' million	30 September 2021 Reviewed	30 September 2020 Reviewed, Restated			31 March 2021 Audited		
	Total	Continuing	Discontinued	Total	Continuing	Discontinued	Total
<i>The calculation of basic and headline earnings per share is based on:</i>							
(Loss) / profit attributable to owners of Tongaat Hulett	(234)	108	181	289	(929)	3 348	2 419
Adjusted for:							
Profit on disposal of land, cane roots and buildings	(27)	-	-	-	(7)	-	(7)
Tax effect of profit on disposal of land, cane roots and buildings	6	-	-	-	4	-	4
Impairment loss on land, cane roots and buildings	-	-	-	-	7	-	7
Tax effect of impairment loss on land, cane roots and buildings	-	-	-	-	-	-	-
Loss on disposal of property, plant and equipment	-	10	-	10	13	-	13
Tax effect of loss on disposal of property, plant and equipment	-	(2)	-	(2)	(6)	-	(6)
Impairment loss on property, plant and equipment	-	36	-	36	142	-	142
Tax effect of impairment loss on property, plant and equipment	-	-	-	-	(42)	-	(42)
Loss on disposal of intangible assets	1	-	-	-	3	-	3
Tax effect of loss on disposal of intangible assets	-	-	-	-	(1)	-	(1)
Reversal of impairment loss on intangible assets	-	-	-	-	(10)	-	(10)
Tax effect of reversal of impairment loss on intangible assets	-	-	-	-	3	-	3
Profit on disposal of discontinued operation	-	-	-	-	-	(3 498)	(3 498)
Tax effect of profit on disposal of discontinued operation	-	-	-	-	-	408	408
Profit on disposal of other businesses	-	(183)	-	(183)	(376)	-	(376)
Tax effect of profit on disposal of businesses	-	-	-	-	-	-	-
Non-controlling interest	-	90	-	90	90	-	90
Headline (loss) / earnings attributable to owners of Tongaat Hulett	(254)	59	181	240	(1 109)	258	(851)

Weighted average number of shares utilised in the earnings per share calculations:

Number of Shares – Thousands	30 September 2021	30 September 2020	31 March 2021
The weighted average number of ordinary shares used in calculating basic earnings per share	134 860	134 833	134 846
Potential ordinary shares in issue at beginning of period relating to employee incentive schemes	181	203	643
The weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	135 041	135 036	135 489

The Group has potential ordinary shares held by the Employee Share Option Trust and the Management Share Option Trust that have not vested or have not been allocated. In addition, contingently issuable shares are held by employees in terms of various employee incentive schemes. All plans and schemes are anti-dilutive for the periods ended 30 September 2021 and 31 March 2021 as the Group has recognised a loss from continuing operations. There are 180 823 potential ordinary shares for the six months ended 30 September 2021 (30 September 2020: 203 260 shares).

	30 September 2021 Reviewed	30 September 2020 Reviewed, Restated			31 March 2021 Audited		
Cents	Total	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Earnings / (loss) per share							
Basic	(174)	80	134	214	(689)	2 483	1 794
Diluted	(174)	80	134	214	(689)	2 483	1 794
Headline earnings / (loss) per share							
Basic	(188)	44	134	178	(822)	191	(631)
Diluted	(188)	44	134	178	(822)	191	(631)

9. RISK MANAGEMENT

9.1. CAPITAL RISK MANAGEMENT

With high levels of borrowings in South Africa and Mozambique, the Group's primary objective is to manage its capital structure to provide stability to the business and ensure that its operations are able to continue as a going concern (refer to Going Concern note in the '*Basis of Preparation*'). Once borrowing levels have reduced sufficiently, the Group plans to optimise each material operations' capital structure such that borrowings are located in close proximity to the assets and cash flows required to service that debt. Consequently, the Group will avoid borrowing funds in South Africa for equity investments (direct, or indirect through unpaid intercompany balances) into foreign operations. The Group will no longer cross-subsidise underperforming operations without a robust remedial turnaround plan in place. In doing so, the Group aims to reduce its cost of capital, provide acceptable returns for shareholders and benefits for other stakeholders.

In assessing the adequacy of the capital structure, the Group recognises the need for relatively low gearing given that sugar is a commodity and is exposed to both market price risk and volatility caused by weather (e.g. drought). In addition, the seasonal nature of the sugar business has meant that the borrowings position at 31 March is historically the lowest in the financial year. To provide a holistic review of the capital structure, careful consideration is given to the movements in average borrowing levels year-on-year.

The Group's capital risk management has largely been focussed on the following:

1. Concluding a further refinance of the current South African borrowing facilities. The principle underpinning the debt refinance is to negotiate a sustainable debt solution with longer dated facilities to create stability for the Group, and allocate the remaining excess debt to two separate payment-in-kind ("PIK") instruments. The refinance was completed on 6 December 2021 and further details have been provided in Note 12 *Events Occurring After The Reporting Date*.
2. Progressing the various strategic debt reduction initiatives to repay the excess debt balances, which were previously represented by the debt reduction milestone of R8.1 billion and are now represented by the two PIK instruments.
3. Concluding the refinance of its debt in Mozambique for a 2 year period in order to provide the operation time to repay its debt from internally generated cash resulting from improved operational and financial performance. The refinancing of the Mozambique debt facilities was concluded on 30 July 2021.
4. Preserving the value of capital in Zimbabwe from the impact of the hyperinflationary economy through *inter alia* initiatives to minimise cash holdings in Zimbabwe Dollars, by accelerating capital expenditure and projects, prepayments and advance purchases of raw materials. In addition, efforts have been focussed on securing sufficient multicurrency facilities in place to meet the peak working capital requirement.

9.2. FINANCIAL RISK MANAGEMENT

Financial risk remains a key component of the Group's risk universe. As with other important categories of risk, financial risk is coordinated through the Group's enterprise risk management approach. This unified approach seeks to identify and mitigate those threats that could have the greatest impact on the achievement of the business' core objectives.

To ensure the effective management of the Group's financial risk profile, both a qualitative and quantitative risk appetite has been set. In the year ahead, the risk appetite will be further entrenched so as to bolster financial decision making and provide the necessary comfort that the Group's financial objectives will be achieved.

While the Group is focused on managing both solvency and liquidity risks, its main risk exposure relates to liquidity risk. Management monitors liquidity risk daily by forecasting cash flows over a twelve-month time horizon and assessing the Group's ability to settle its debt obligations, taking into consideration the likelihood of turnaround strategies and possible key initiatives in achieving debt reduction milestones.

The following table summarises the carrying amounts of financial instruments recorded at 30 September and 31 March and sets out the Group's classification of each class of financial assets and liabilities, as well as a comparison to their fair values. The different fair value levels are described below:

- Level 1: quotes 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).

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 reporting date;
- for foreign currency options – option pricing models; and
- for other financial instruments – discounted cash flow analysis.

R' million	30 September 2021 Reviewed	30 September 2020 Reviewed Restated	31 March 2021 Audited
Financial assets			
<i>Measured at amortised cost:</i>			
Other non-current assets ¹	14	18	15
Trade and other receivables ^{2 3}	1 459	1 032	1 376
Cash and cash equivalents ⁴	599	828	629
<i>Fair value through profit or loss:</i>			
Derivative financial instruments - forward exchange contracts	-	8	7
Total	2 072	1 886	2 027
Financial liabilities			
<i>Measured at amortised cost:</i>			
Trade and other payables ^{2 5}	4 201	3 600	2 349
Borrowings ⁶	6 931	11 726	7 199
Total	11 132	15 326	9 548

The above table includes only financial assets and liabilities and thus values may differ to the balances of similarly classified items in the balance sheet.

1. Other non-current assets exclude the pension fund employer surplus account and lease incentives (non-current portion).
2. The fair value of these instruments approximates their carrying amount, due to their short-term nature.
3. Trade and other receivables exclude VAT receivable, prepayments and lease incentives (current portion).
4. The carrying amount of cash and cash equivalents approximates fair value.
5. Trade and other payables exclude VAT payable and leave pay accruals.
6. At 30 September 2021, R6 686 million (96%) of the Group's borrowings, representing the debt in Mozambique and South Africa (excluding the loan from the pension fund), was due within one month. Given the short maturity and that the debt bears interest at variable rates, the fair value thereof approximates the carrying amount.

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 immediate credit exposure of financial instruments is represented by those financial instruments that have a net positive fair value by counterparty. The gross carrying amount of the Group's financial assets best represents its maximum exposure to credit risk.

The Group's considers its maximum exposure to credit risk to be:

R' million	30 September 2021	30 September 2020	31 March 2021
Cash and cash equivalents	599	828	629
Trade and other receivables	1 459	1 032	1 376
Derivative financial assets	-	8	7
Other non-current assets (other loans at amortised cost)	14	18	15
	2 072	1 886	2 027

The financial instruments above do not represent a concentration of credit risk because the Group deals with a variety of major banks, and its trade receivables 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 counterparties having similar characteristics, with the exception of Distribuidora Nacional de Açúcar Limitada ("DNA"), the industry sugar distributor in Mozambique. The Group defines counterparties as having similar characteristics if they are related entities.

Cash and cash equivalents and derivative financial assets

The credit risk on cash balances and derivative financial instruments is limited because the majority of cash balances have been placed with counterparties that are reputable banks with investment-grade credit ratings. In Zimbabwe and Mozambique, the availability of credit rating information is limited. In these cases, the Group endeavours to deposit money with financial institutions that have a strong affiliation with a recognised, investment-grade international or South African financial institution. In Zimbabwe, the Group also takes into consideration the credit ratings of Zimbabwe financial institutions provided by Global Credit Rating Co Proprietary Limited using a Zimbabwe-specific credit rating scale. At 30 September 2021, the Group has cash balances of R72 million (2020: R83 million) with financial institutions where a credit rating cannot readily

be determined or that are rated below investment grade. As a result of the long-established banking relationships with these institutions, no credit loss has been recognised.

Trade and other receivables

Credit risk on land sales is limited as revenue is recognised on the date the property is transferred to the purchaser 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. The Group has certain legacy debtor arrangements where title to the property has already transferred to the purchaser, a portion of the proceeds remains unpaid and its recoverability remains in doubt or the amount owing is disputed. In such circumstances, the Group continues to pursue the full recovery of the amount but has made an allowance for an expected credit loss equal to amount disputed.

Credit risk relating to sugar operations is limited for the following reasons:

a) South African sugar operations:

Before a customer is granted credit, or a credit limit is increased, the necessary credit checks are undertaken through credit bureaus to determine the customer's credit quality and an appropriate credit limit. Third-party debtor monitoring has been implemented to proactively identify any potential changes to the credit profile of the operation's customers. To mitigate the risk of non-payment due to insolvency, protracted default (i.e. the amount remains owing for more than six months) or business rescue proceedings, the operation has a credit insurance policy that covers 80% of any credit loss. At 30 September 2021, 76% of the gross credit exposures were insured (2020: 80%). Where a debtor is not covered by the credit insurance policy (e.g. they have not provided financial statements to the insurer), a guarantee from a financial institution is required before credit is advanced. With guarantees included, 83% of the gross credit exposures were covered at 30 September 2021 (2020: 88%). Credit risk is further limited as payment terms are short, ranging from 7 - 14 days for sugar products and up to 30 days for non-sugar products.

b) Mozambique sugar operations:

All local sugar sales are made to the DNA who settles the amount owing for the sugar within 7 to 14 days of production. The DNA utilises the sugar stocks purchased as security for the working capital facility required to settle the amount owing. The Group has an indirect exposure to the DNA borrowings through its investment in the DNA.

c) Zimbabwe sugar operations:

With the hyperinflationary environment, credit terms provided to sugar debtors have reduced from 28 days in 2020 to an average of 7 days. Some sugar debtors are on a prepayment and cash-on-delivery basis. Credit terms provided to other debtors' average 30 days. Prior to granting any customer credit, or increasing credit limits, internal credit checks are undertaken to assess the customer's credit quality and determine an appropriate credit limit. Credit quality and limits are reviewed regularly by management.

Other non-current assets

The Group's other loans at amortised cost have varying credit risks which have been taken into consideration in determining the expected credit loss. A breakdown of the key credit exposures is as follows:

a) Deferred purchase consideration

The Group is owed an amount of R 64 million in respect of the sale of shares in a property realisation company. A settlement agreement, signed in the previous financial year, remains in force and R20 million was received during the period. The balance has been fully provided for within lifetime expected credit losses.

b) Grower loans

The repayment of these loans occurs as a deduction from the proceeds payable to the grower on delivery of their sugarcane to the mill. Therefore, credit risk is limited to the extent that the grower continues to honour their obligations in terms of the cane supply agreement.

Market risk management

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

The Group's risk management policy explicitly forbids the use of financial or commodity derivatives (outside its risk management framework of mitigating financial and commodity risks) for speculative purposes and all derivative instruments must be supported by underlying transactions. The Group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on the export of goods.

Foreign currency risk

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

The Group presents its financial statements in South African Rand and is therefore exposed to foreign currency translation risk, largely from its Mozambique and Zimbabwean operations. Changes in foreign currency exchange rates impact the translation into South African Rand of both the income statement and net assets of these foreign operations.

In the normal course of business, the Group enters into transactions denominated in foreign currencies. The Group's foreign currency exposure primarily arises from the export of sugar products to regional and global markets, foreign currency denominated borrowings raised in-country, as well as unpaid intercompany funding provided to its foreign subsidiaries. The Group has not designated these intercompany funding balances as a

hedge of its net investment in these foreign subsidiaries. The Group is not reliant on imported raw materials to any significant extent, although components of its capital expenditure may have to be imported, particularly in the case of Zimbabwe and Mozambique.

The fair values of the forward exchange contracts are established by reference to observable inputs and are categorised as Level 2 under the fair value hierarchy and are accounted for as cash flow hedges. In Zimbabwe and Mozambique, there are no hedging instruments to hedge its foreign currency exposures. Consequently, these operations seek to match foreign currency income and expenditure as best as possible.

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, term loans and revolving credit facilities. The Group did not have any interest rate swaps in place. The Group's interest rate is monitored by management on a dynamic basis as the facilities allow for certain changes in the reference rate. The Group's exposure to variable rate borrowings is included below.

An interest sensitivity analysis detailing an increase in the effective interest rate by 100 basis points has been set out below:

R' million	30 September 2021		30 September 2020	
	Carrying amount	Profit and loss	Carrying amount	Profit and loss
<i>Variable rate instruments:</i>				
Senior term loan	3 269	33	8 592	86
Senior revolving credit loan	1 900	19	1 250	13
Senior seasonal loans	600	6	600	6
Term loans	683	7	611	6
Revolving credit loan	230	2	-	-
General short-term	14	-	176	2
Other	185	2	300	3
	6 881	69	11 529	116

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 and current management's key focus is on improving liquidity in the Group. They have taken active steps as described in Note 5 *Borrowings*.

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.

R' million	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Due over 5 years	Total
30 September 2021							
- Borrowings	7 091	115	51	21	-	-	7 278
- Trade payables	4 201	-	-	-	-	-	4 201
- Lease liabilities	125	120	118	117	116	84	680
	11 417	235	169	138	116	84	12 159
30 September 2020							
- Borrowings	12 573	67	36	34	19	-	12 729
- Trade payables	3 600	-	-	-	-	-	3 600
- Lease liabilities	140	133	132	130	130	196	861
	16 313	200	168	164	149	196	17 190

10. RELATED PARTY TRANSACTIONS

During the period Tongaat Hulett Limited, 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.

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

R' million	30 September 2021 Reviewed	30 September 2020 Reviewed	31 March 2021 Audited
Goods and services			
Sugar sales to Distribuidora Nacional de Açúcar, Limitada (joint venture)	1 010	804	1 239
Cane purchases from Uzínzo Sugar Farming Proprietary Limited (associate)	43	60	90
Interest paid to related parties			
Paid to Tongaat Hulett Pension Fund 2010	(2)	(4)	(6)
Loans received from related parties			
Tongaatt Hulett Pension Fund 2010	(83)	(109)	(96)

Key management personnel

Key management personnel remuneration is set out below. Key management personnel are those persons identified in further detail note 31 *Directors' and Prescribed Officers' Remuneration and Interest in Shares* of the 31 March 2021 annual financial statements. However, during the period under review, B Gumede's role changed and is no longer considered a prescribed officer for the period ended 30 September 2021.

R' 000	30 September 2021 Reviewed	30 September 2020 Reviewed	31 March 2021 Audited
Non-executive directors' fees	6 111	4 310	7 561
Executive directors' and other prescribed officers' remuneration	16 807	38 503	40 957
Salary	10 988	14 201	26 515
Retirement and medical contributions	1 742	2 290	4 316
Short-term incentive *	4 077	21 972	10 126
Share incentive gains	-	40	-
Total	22 918	42 813	48 518

* The presentation of short-term incentives, on the accrual basis, has changed from the prior period, which was disclosed on the cash paid basis, to align to the approach utilised at 31 March 2021.

11. REPORTING ON THE ZIMBABWEAN OPERATIONS

The Group results were materially impacted by the significant devaluation of the Zimbabwe Dollar (ZWL) against major trading currencies (including the South African Rand) and the requirement of IAS 21 *The Effects of Foreign Exchange Rates* ("IAS 21") to translate the results of the Zimbabwean operations into South African Rand using the official closing exchange rate. The official exchange rate is impacted by limited foreign currency liquidity within the Zimbabwean economy to enable immediate settlement.

In the absence of an official exchange rate during April to June 2020, the Group used the interbank exchange rate as at the end of March 2020 to translate all foreign transactions into ZWL during that period. This was considered by management as the best estimate of a rate at the time as a result of the lack of exchangeability. In addition, there was sufficient USD available through FCA accounts to avoid management having to source USD by an alternate means.

The Group has applied IAS 29 to adjust the results of the Zimbabwean operations for hyperinflation, which resulted in a net monetary loss of R110 million for the six months ended 30 September 2021 (September 2020: R71 million; March 2021: R91 million). While the application of IAS 29 is meant to improve the period-on-period comparability of the Group's financial results, the use of inflation and exchange rates that differ from those experienced by the Zimbabwean operations and reflected in the underlying transactions has, to some extent, distorted the Group's results.

The following inflation and exchange rates (relative to the South African Rand) were applied to consolidate the Zimbabwe operations' results:

Financial period	Functional currency	Average exchange rate	Closing exchange rate	General price index (closing)	Conversion factor (average)	Conversion factor (closing)
1 April 2020 to 30 September 2020	ZWL	2.24	4.87	2 205	2.276	1.515
1 April 2020 to 31 March 2021	ZWL	4.07	5.89	2 760	1.800	1.211
1 April 2021 to 30 September 2021	ZWL	5.95	5.68	3 342	1.102	1.000

The table below shows the results reported for the Zimbabwe operations translated using the official rate (i.e. ZWL 85.4 : USD 1 or ZWL 5.7 : ZAR 1), together with a sensitivity of translating the results using a rate which is 99% greater than the official rate (i.e. ZWL 170 : USD 1 or ZWL 11.3 : ZAR 1).

R' million	As reported ZWL 85.4 : USD 1	Sensitivity rate ZWL 170.0 : USD 1	Sensitivity Rate vs Official Rate
Revenue	3 725	1 872	(1 853)
Operating profit	1 043	524	(519)
Profit for the period	544	273	(271)
Net asset value	4 314	2 167	(2 147)
Total assets	7 727	3 882	(3 845)

Note: The foreign currency components of the underlying transactions have not been changed for this sensitivity.

The standalone 'statement of profit or loss and other comprehensive income' and 'statement of financial position' of the Group's Zimbabwean operations, after adjusting for inflation and translating at the official closing exchange rate, are presented below for ease of reference. Comparatives have not been adjusted for the impact of inflation as they were already presented in South African Rand (i.e. a stable reporting currency). However, the comparatives have been restated for the correction of a prior period error, further details of which are included in Note 1 *Restatement of prior period financial information*.

Hyperinflation effect on cash and cash equivalents

As a result of applying IAS29 in Zimbabwe, all items in the 'statement of cash flows' are expressed in terms of the general price index at the end of the reporting period. The resultant 'statement of cash flows' reflects the cash flows during the period measured at the current purchasing power at the end of the reporting period and as such is not reflecting actual cash flows during the period.

While the 'statement of cash flows' is adjusted to reflect current purchasing power, the cash and cash equivalents balance can only ever represent the actual cash flow (i.e. not indexed) at the point in time when the transactions occurred. As a result, an adjustment of R148 million (September 2020: R508 million and March 2021 R719 million) was required to account for the loss of value between the hyperinflation-adjusted cash flows and the actual cash flows. In effect, the R148 million (September 2020: R508 million; March 2021: R719 million) represents the value eroded by hyperinflation within the Zimbabwe economy.

Statement of profit or loss and other comprehensive income for the six months ended 30 September 2021

	6 months ended 30 September 2021 Reviewed	6 months ended 30 September 2020 Reviewed Restated	12 months ended 31 March 2021 Restated
R' million			
Revenue	3 725	3 075	6 162
Cost of sales	(1 670)	(1 210)	(3 738)
Gross profit	2 055	1 865	2 424
Marketing and selling expenses	(457)	(373)	(750)
Administrative and other expenses	(603)	(306)	(876)
Net impairment loss on financial assets	(65)	(8)	(25)
Other operating income	113	49	94
Profit from operations	1 043	1 227	867
Net finance costs	(30)	(173)	(77)
<i>Finance costs</i>	(103)	(198)	(105)
<i>Finance income</i>	73	25	28
Dividend income	1	38	40
Net monetary loss	(110)	(71)	(91)
Share of net profit of associates	8	5	19
Profit before taxation	912	1 026	758
Taxation	(371)	(306)	(248)
Profit for the period	541	720	510
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange differences on translation of foreign operations, including the effect of hyperinflation	778	(816)	(760)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of post-retirement benefit obligations	(87)	20	(133)
Tax effect of remeasurement of post-retirement benefit obligations	21	(5)	33
Other comprehensive income / (loss) for the period, net of tax	712	(801)	(861)
Total comprehensive income / (loss) for the period	1 253	(81)	(351)

The 'statement of profit or loss and other comprehensive income' of the Zimbabwean operations includes transactions with Group companies (i.e. these have not been eliminated).

Statement of Financial Position as at 30 September 2021

R' million	30 September 2021 Reviewed	30 September 2020 Reviewed	31 March 2021 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	2 166	1 657	1 717
Right-of-use assets	3	4	3
Intangible assets	34	36	35
Investments in associates and joint ventures	63	33	45
Total non-current assets	2 266	1 730	1 800
Current assets			
Inventories	2 628	1 789	895
Biological assets	1 677	1 178	1 165
Trade and other receivables	717	504	595
Cash and cash equivalents	414	356	311
Amounts owing by Group companies	25	7	10
Total current assets	5 461	3 834	2 976
TOTAL ASSETS	7 727	5 564	4 776
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	73	73	73
Distributable reserves	3 211	3 516	3 064
Other reserves	(466)	(1 079)	(1 040)
Total equity attributable to owners of Tongaat Hulett Limited	2 818	2 510	2 097
Non-controlling interests	1 497	1 026	1 043
Total equity	4 315	3 536	3 140
Non-current liabilities			
Deferred tax liabilities	864	632	576
Borrowings	77	41	15
Lease liabilities	1	2	1
Post-retirement benefit obligations	262	16	134
Total non-current liabilities	1 204	691	726
Current liabilities			
Borrowings	84	158	74
Lease liabilities	1	1	1
Trade and other payables	1 675	800	579
Post-retirement benefit obligations	7	10	2
Current tax liabilities	288	289	120
Amounts owing to Group companies	153	79	134
Total current liabilities	2 208	1 337	910
TOTAL LIABILITIES	3 412	2 028	1 636
TOTAL EQUITY AND LIABILITIES	7 727	5 564	4 776

The 'statement of financial position' of the Zimbabwean operations includes amounts due to and from Group companies (i.e. these have not been eliminated).

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Management have carefully assessed the events occurring between the reporting date and the date of authorising these interim condensed consolidated financial statements to ensure that all material matters have been disclosed.

No other material events occurred since the date of these interim condensed 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.

COVID-19

The prolonged impact of the COVID-19 global pandemic continues to receive the appropriate focus from management. South Africa exited its third wave of infections towards the end of September 2021 and from 1 October 2021 the government eased lockdown restrictions to one of the lowest levels since the start of the pandemic. Zimbabwe and Mozambique also eased lockdown restrictions based on a decline in infections. Consequently, subsequent to the interim reporting date, there has been no significant changes in the COVID-19 restrictions impacting the Group's business.

On 23 November 2021, a new COVID-19 variant (officially named Omicron) was identified in South Africa and has prompted a number of international travel restrictions being imposed on the countries in which the Group operates. While the impact of this variance is not yet known, such travel restrictions have the potential to disrupt supply chains for imported machinery and spares required for the maintenance shutdown.

While the pandemic has not had a significant impact on the Group's business since the interim report date, management continues to proactively assess the impact of COVID-19 on its specific businesses and adapt its interventions to minimise business disruptions.

South African debt refinance

On 6 December 2021 the South African lenders and the Company concluded the refinancing of the South African debt facilities of R6 352 million.

The senior debt facilities are governed by a Common Terms Agreement (CTA) concluded between the Company, certain of its South African subsidiaries (as guarantors) and the various South African lenders such that, other than in relation to overdraft and ancillary type facilities, each individual lender participating in a particular senior debt facility participates on the same commercial terms as the other lenders participating in that senior debt facility and has the same rights and obligations as it pertains to each of the senior debt facilities. The underlying exposures of each individual lender to these facilities is managed by an appointed facility agent and is governed by an intercreditor agreement between lenders.

Post the financial close of the refinance, the utilisation of the South African debt facilities resulted in borrowings of R5 850 million, leaving headroom of R492 million. The salient features of the refinanced debt facilities are:

Detail	Senior Facility A Senior Term Loan Facility	Senior Facility B Senior Revolving Loan Facility	Senior Facility C Senior PIK Term Loan Facility	Senior Facility D Senior PIK Term Loan Facility	Senior Overdraft Facilities
Facility amount	R1 050 million	R1 400 million	R2 000 million	R1 592 million	R300 million, subject to a seasonal increase of the facility limit to R500 million from 1 December to 31 March each year.
Utilised at 6 December 2021	R1 050 million	R1 200 million	R2 000 million	R1 592 million	R8 million
Purpose	To discharge existing financial indebtedness.	To discharge existing financial indebtedness and for general corporate and working capital purposes.	To discharge existing financial indebtedness.	To discharge existing financial indebtedness.	To discharge existing financial indebtedness and for general corporate and working capital purposes.
Final repayment date	30 June 2024	30 June 2024	30 June 2024	30 June 2024	30 June 2024
Repayment	Outstanding balance and accrued unpaid interest to be repaid on the termination date.	Repayment of each loan at the end of each interest period with roll-over loan provisions.	The facility is expected to be repaid from equity capital raise proceeds. To the extent that equity capital raise proceeds are insufficient to repay the amount outstanding under Senior Facility C, or an equity capital raise is not pursued for whatever reason, the Company will need to progress the disposal (or part disposal) of one or more of its sugar operations.	The facility will be primarily repaid from proceeds on disposal of longer-term strategic landholdings or proceeds that are in excess to the capital and interest repaid on Senior Facility C.	The facility is revolving in nature such that any repayments may be redrawn up to the facility limit for the duration of the facility.

Other repayment provisions	A cash sweep mechanism is triggered by a cumulative debt service cover ratio in excess of 1.5 times and will result in a partial prepayment of Senior Facility A. Once Senior Facility D has been repaid in full, from proceeds received on land disposals, the debt refinance terms allow for any excess proceeds to be used to repay Senior Facility C. Furthermore, once Senior Facility C has been repaid in full using equity capital raise proceeds, any excess proceeds must be used to repay Senior Facility D. Aside from failing to reach the equity capital raise milestones, or should the equity raise fail for whatever reason, if one of the following events occur, it will trigger the requirement to dispose of one or more of the Group's sugar operations: <ul style="list-style-type: none">• The enterprise value of the Group, which is required to be carried out annually within four months of year-end, is less than or equal to 1.5 time the outstanding debt amount.• The LTV ratio exceeds the 25% threshold.• Historical covenants are breached, or the Company fails to agree or implement any remedial action in respect of a historical or forecast covenant breach.				
Interest rate	JIBAR corresponding to relevant interest period (of 1 month or 3 months at the election of the Company) plus the applicable margin.				Prime lending rate plus a margin
Applicable margin (before any Margin Step Up Event)	+ 5.05% per annum	+ 5.33% per annum	+ 5.97% per annum	+ 6.69% per annum	Initially +2% per annum, but thereafter from the first business day of each month the equivalent interest rate under Senior Facility B.
Applicable margin (after any Margin Step Up Event)	+ 6.17% per annum	+ 7.06% per annum	+ 11.35% per annum	+ 11.06% per annum	
'Margin Step Up Event'	A Margin Step Up Event applies to all the facilities if an equity capital raise for a minimum of R2.0 billion (or such higher amount as may be required to discharge Senior Facility C plus all accrued but unpaid interest thereunder) has not been implemented by 14 April 2022.				
Interest settlement	Interest on the above facilities will be paid in accordance with the selected interest period for each loan from internally generated cash flows derived from the South African businesses.		Interest on the above facilities may be capitalised and included in the principle repayment. Interest remaining unpaid at the end of the tenor may, at the election of the Company but subject to consent of lenders, be settled by the issuance of shares in the Company.		Interest will be payable monthly in arrears.
Other interest provisions	If an event of default is continuing a margin step up of 2% applies to all facilities. In respect of <u>Senior Facility D only</u> , a margin increase of 2% applies if the Company fails to reach agreement with the lenders on the form and content of a plan for disposal of properties (with a view to repaying Senior Facility D) by 30 April 2022 (or such later date as the lenders may agree to). In this regard the Company undertakes no later than 31 March 2022 (or such later date as the facility agent may agree), to deliver to the facility agent a proposal detailing the proposed sale of certain properties. In respect of <u>Senior Facility D only</u> , once the minimum equity capital raise is implemented, and all the equity capital raise milestones have been achieved, the Company has the right to request that this facility is repriced.				
Restructuring fee	A restructuring fee of R34 million is payable to the South African Lenders in respect of the debt refinance.				
Commitment fee	None.	A commitment fee of 0.32% of the margin is calculated on the unused and uncanceled amount of the facility during the availability period.	None.	None.	A commitment fee of 1.74% is calculated on the unused and uncanceled amount of the facility during the availability period.
Equity capital raise milestones	The milestones for the equity capital raise are: <ul style="list-style-type: none">• The circular notifying shareholders of an extraordinary general meeting to be held in connection with the implementation of the equity capital raise must be published by 31 January 2022;• Share subscription commitment, share placement and/or underwriting agreements to the value of at least R2.0 billion must be concluded by 28 February 2022;• All shareholder resolutions in connection with the implementation of the equity capital raise must have been passed and lodged with the Companies and Intellectual Property Commission by 20 March 2022;• The circular proposing the equity capital raise to shareholders must be published by 20 March 2022; and• The proceeds of the equity capital raise must be paid to the lender by 31 March 2022. If any of these specific milestones and actions in relation to the equity capital raise are not met, a process for the sale of strategic assets can be triggered by the lenders. These milestones can be delayed by agreement of the majority lenders.				
Property disposal milestones	The milestones for the disposal of property are: <ul style="list-style-type: none">• Binding term sheets must be concluded (on an arms' length basis and on normal commercial terms) with a cumulative value equal to the amount outstanding on Senior Facility D (including capitalised interest) by no later than twelve months prior to the final repayment date (i.e. 30 June 2023); and• The proceeds from the property disposals must be paid to the lenders by no later than the final repayment date (i.e. 30 June 2024).				

Security	<p>The security in place for the debt facilities is first in ranking and includes:</p> <ul style="list-style-type: none">• Mortgage bonds registered over immovable properties owned by the Company and its South African subsidiaries, excluding certain properties where commercial negotiations had been concluded or were at an advanced stage prior to the refinancing.• General notarial bonds over movable assets of the Company's South African businesses.• Cession and pledge over all shares, claims (including trade debtors), insurance proceeds, rights in terms of any debt reduction agreements, intellectual property, bank accounts and investments of the Company's South African businesses.																													
Financial covenants	<p>The CTA includes the following financial covenants: historic debt service cover ratio, historic interest service cover ratio, historic leverage ratio, loan to value (LTV) ratio, forecast debt service cover ratio, forecast interest cover ratio and forecast leverage ratio.</p> <p>The financial covenants are measured on 31 March and 30 September of each year provided that in certain circumstances, where the equity capital raise is not completed the financial covenants will be measured on a quarterly basis.</p> <p>The LTV ratio requires that the amounts outstanding under Senior Facility D do not exceed 25% of the market value of the land portfolio. Breaches of historical ratios and the LTV ratio is an Event of Default except for such a breach occurring on the first measurement date ending 31 March 2022.</p> <p>Details of the financial covenants are summarised in the table below:</p> <table><tr><th rowspan="2">Ratio</th><th colspan="5">Last day of calculation period</th></tr><tr><th>31 March 2022¹</th><th>30 September 2022²</th><th>31 March 2023</th><th>30 September 2023</th><th>31 March 2024</th></tr><tr><td>Historical / Forecast Leverage Ratio³ not greater than:</td><td>13.40x</td><td>4.90x</td><td>2.50x</td><td>2.90x</td><td>2.50x</td></tr><tr><td>Historical / Forecast Interest Cover Ratio⁴ not less than:</td><td>1.15x</td><td>2.10x</td><td>2.20x</td><td>2.50x</td><td>2.50x</td></tr><tr><td>Historical / Forecast Debt Service Cover Ratio not less than:</td><td>10.70x</td><td>1.00x</td><td>1.00x</td><td>1.00x</td><td>1.00x</td></tr></table> <p>Notes:</p> <p>1. The measurement period for the 31 March 2022 covenants covers the period from 1 November 2021 to 31 March 2022.</p> <p>2. The measurement period for the 30 September 2022 covenants covers the period from 1 November 2021 to 30 September 2022.</p> <p>3. The leverage ratio is calculated using total debt in South Africa excluding Senior Facility C and Senior Facility D but including obligations under finance leases.</p> <p>4. The interest cover ratio is calculated using finance costs in South Africa excluding Senior Facility C and Senior Facility D but including interest in respect of finance leases.</p>	Ratio	Last day of calculation period					31 March 2022 ¹	30 September 2022 ²	31 March 2023	30 September 2023	31 March 2024	Historical / Forecast Leverage Ratio ³ not greater than:	13.40x	4.90x	2.50x	2.90x	2.50x	Historical / Forecast Interest Cover Ratio ⁴ not less than:	1.15x	2.10x	2.20x	2.50x	2.50x	Historical / Forecast Debt Service Cover Ratio not less than:	10.70x	1.00x	1.00x	1.00x	1.00x
Ratio	Last day of calculation period																													
	31 March 2022 ¹	30 September 2022 ²	31 March 2023	30 September 2023	31 March 2024																									
Historical / Forecast Leverage Ratio ³ not greater than:	13.40x	4.90x	2.50x	2.90x	2.50x																									
Historical / Forecast Interest Cover Ratio ⁴ not less than:	1.15x	2.10x	2.20x	2.50x	2.50x																									
Historical / Forecast Debt Service Cover Ratio not less than:	10.70x	1.00x	1.00x	1.00x	1.00x																									
Other salient terms	<p>Undertakings have been provided to lenders to submit sugar production output reports to and adequately maintain all assets have been provided to lenders.</p> <p>The lenders have the right to appoint an observer to the relevant subcommittees of the board (risk and capital investment, property advisory board or any future subcommittees that may be formed in relation to disposal activities)</p> <p>Annual limits of between 70% and 80% of forecast projections have been placed on the capital expenditure for the South African Sugar operation, and infrastructure expenditure for the Property business. Written consent will be required from the South African lenders prior to the incurring of expenditure in excess of these limits.</p> <p>To the extent that an equity capital raise is not successful, the Company is required to implement a management incentive scheme in order to ensure repayment of Senior Facility C and Senior Facility D.</p> <p>Key manager provisions relating to Gavin Hudson, Rob Aitken, Simon Harvey and Dave Howells have been included. Any replacement requires approval from the South African lenders.</p>																													

Proposed equity capital raise

On 17 November 2021 the Company released an announcement in respect of a proposed equity capital raise of up to R4 billion by way of a rights offer. Magister has committed R2 billion to partially underwrite the rights offer and has agreed to certain arrangements regulating its relationship with the Company after implementation of the rights offer and the underwrite. Magister has provided a guarantee issued from a South African bank to the Company for the underwrite. Magister will be entitled to a market related underwriting commission of 1.5% and the underwrite is subject to Magister, together with any of Magister's related parties, holding no more than 60% of the Company's total issued share capital following the rights offer. This is subject to requisite shareholder resolutions and the fulfillment or waiver of other conditions precedent. Further terms of the transaction will be published in a circular to shareholders and an extraordinary general meeting is planned for 18 January 2022. Further details on the context of the rationale for the rights offer have been provided in the Going Concern note in the 'Basis of Preparation'.

Mozambique covenant waiver

On 26 November 2021, the Mozambique Lenders agreed to waive a breach of the Senior Cash Interest Cover covenant in respect of the 30 September 2021 measurement date. As a result of higher interest rates in Mozambique and a timing difference on working capital, the Mozambique operation achieved a cash interest cover ratio for the twelve months ended 30 September 2021 of 1.7 times compared to the covenant requirement of 2.2 times. Further details are provided in the Going Concern note in the '*Basis of Preparation*' and Note 5 *Borrowings*.

Disposal proceeds held in escrow

The Group disposed of its starch and glucose business to KLL Group Proprietary Limited ("KLL Group") on 31 October 2020. In terms of the sale agreement, R450 million of the purchase consideration would be paid into an escrow account and held for twelve months to cater for the possibility of claims being made by KLL Group under the warranties or other provisions of the purchase agreement. Following confirmation from KLL Group that there were no claims arising, the escrow balance of R466 million (including interest accrued and less fees incurred) was released to the Company on 3 November 2021. These proceeds were applied to support general liquidity of the Company as opposed to debt reduction as previously anticipated. (refer to 'Going Concern' note in the '*Basis of Preparation*')

Property transactions

Update on property transaction pipeline

Since the interim reporting date, two properties have transferred to the respective purchasers realising sales proceeds of R31 million. One of these properties was for the proposed development of a leisure resort in Tinley Manor. As part of the sales agreement, the infrastructure obligations triggered by the transaction, and estimated at R60 million, were assumed by the purchaser.

Signed sales agreements with a cumulative value of R54 million have been concluded over properties in Izinga and Cornubia. The various suspensive conditions are being progressed. The transfer of these properties and the receipt of the proceeds is only expected in the first quarter of the 2023 financial year.

Ntshongweni property transaction

The Group entered into a transaction with Fundamentum Property Group (Fundamentum – a successful local KZN based property group) on 8 October 2021 which will see Fundamentum developing Westown (previously referred to as the 'Urban Core'), the first precinct of the Ntshongweni node under a 99 year lease model. The agreement is subject to the fulfilment or, where applicable, waiver of certain suspensive conditions.

Fundamentum are the owners of the Westown Square retail and mixed use site, which was purchased from the Group in 2016, and this transaction will see them further their involvement beyond the retail and mixed offering to be the exclusive developers of the precinct.

The transaction will see the development of the 88 hectare Westown, a mixed-use development covering over 500 000 square meters of bulk. Fundamentum will be responsible for the infrastructure and top structure development of Westown with the Group remaining the landowner benefiting from lease payments on both residential and mixed use stands as they are developed. Such lease payments are expected to commence in the 2024 financial year. The transaction represents the first step towards generating annuity income from the Group's land portfolio.

Economic conditions in Zimbabwe

Hyperinflation and currency dynamics in Zimbabwe continue to impact on the Group's results. Inflation at November 2021 was 58% year-on-year, increasing marginally from 54% in October 2021 but was significantly lower than the 402% in November 2020. While inflation appeared stable, various dynamics in the currency market (including a backlog in foreign currency allocations from the auction system) resulted in the gap between the weekly auction rates and the unofficial rates widening. Unofficial rates reached ZWL 200 : USD 1 prompting a number of interventions to control the risk of further inflationary pressure in the economy.

The Zimbabwe authorities began to enforce the provisions of Statutory Instrument 127 of 2021 which prevents *inter alia* businesses from selling goods and services or quoting an exchange rate that is above the ruling auction market rate. As transacting in US Dollars at the auction rate is not feasible, the Group's proportion of local sales invoiced in foreign currency reduced from c.52% to c.10% for a three week period. During November 2021, the situation has begun to normalise with c.44% of local sales invoiced in foreign currency. Local sales invoiced in US Dollars and export sales are a key source of foreign currency for the Group.

On 28 October 2021, to reduce the supply of speculative money in the economy, the Reserve Bank of Zimbabwe increased its policy interest rates from 40% to 60%. In addition, the weekly auction rate has weakened from ZWL 85 on 30 September 2021 to ZWL 106 on 1 December 2021, which should assist in reducing the gap to the unofficial rate to what is deemed to be an acceptable level.

Dividends from Zimbabwe

Due to the dynamic currency situation and the temporary restriction on invoicing customers in foreign currency, the Zimbabwe operations access to foreign currency has been limited. While the situation is normalising and access to foreign currency liquidity improving, no further dividend distributions have been made by the Zimbabwe operations since the interim reporting date.

To the knowledge of the directors, no further material events have occurred since the date of these interim condensed consolidated financial statements and the date of approval thereof, that would affect the ability of the users of these interim condensed consolidated financial statements to make proper evaluations and decisions.

INDEPENDENT AUDITOR'S REVIEW REPORT

We have reviewed the condensed consolidated interim financial statements of Tongaat Hulett Limited for the six month period ended 30 September 2021 as set out on pages 27 to 66, contained in the accompanying interim report which comprises the condensed consolidated statement of financial position as at 30 September 2021 and the condensed consolidated statement of profit or loss and comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and selected explanatory notes.

Directors' responsibility for the condensed consolidated interim financial statements

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standard, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council 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 condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements. A review of condensed consolidated interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Tongaat Hulett Limited for the six month period ended 30 September 2021 are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa

Emphasis of matter - Material uncertainty related to going concern

We draw attention to the going concern note included in the "Basis of preparation" to the condensed consolidated interim financial statements, which indicates that the Group's consolidated current liabilities exceed its consolidated current assets by R2.42 billion. It further notes that the success of the Group's debt restructure initiatives remains uncertain and in addition some uncertainties remain in the operational cash flow forecasts. The note further indicates these events or conditions, along with other matters as set forth, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other matter - Prior Period Reviewed / Audited by Another Auditor

The condensed consolidated interim financial statements of Tongaat Hulett Limited for the six month period ended 30 September 2020, and the annual financial statements of Tongaat Hulett Limited for the year ended 31 March 2021, were reviewed and audited respectively, by another auditor who expressed an unmodified conclusion and an unmodified opinion on those financial statements on 11 December 2020, and 13 July 2021, respectively.

DocuSigned by:
 Ernst & Young Inc
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Ernst & Young Inc.
Director - Merisha Kassie
Registered Auditor
Chartered Accountant (SA)
8 December 2021

CORPORATE INFORMATION

<p>Tongaat Hulett Limited Registration Number: 1892/000610/06 JSE Share Code: TON ISIN: ZAE 000096541</p> <p>Directorate Non-executive directors: L von Zeuner (Chairman), DC Noko (Lead-independent non-executive director), L de Beer, RM Goetzsche, JJ Nel, AH Sangqu, L Stephens Executive directors: JG Hudson (CEO), RD Aitken (CFO), DL Marokane</p> <p>Company Secretary JJ van Rooyen</p> <p>Registered address Amanzimnyama Hill Road Tongaat KwaZulu-Natal</p> <p>Postal address P O Box 3 Tongaat 4400</p> <p>Tel no: +27 32 439 4019 Fax no: +27 31 570 1055 Website: www.tongaat.com e-mail: investor.relations@tongaat.com</p> <p>Independent External Auditor Ernst & Young Inc.</p> <p>Internal Auditor KPMG</p>	<p>Sponsor PSG Capital +27 21 887 9604</p> <p>Transfer Secretaries South Africa: Computershare Investor Services (Pty) Limited Rosebank Towers 15 Biermann Avenue Rosebank 2196 P O Box 61051 Marshalltown 2017</p>
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