Tongaat Hulett Limited
(Registration number 1892/000610/06)
Share code: TON
ISIN ZAE000096541
("Tongaat Hulett" or "the group" or “the company”)

INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

SALIENT FEATURES

- A pleasing recovery in financial performance reflects progress in the turnaround strategy, and includes hyperinflationary effects in Zimbabwe
- Strong performance across all the sugar operations
- Sound results from starch and glucose and continued progress in land development, despite COVID-19 impact on both these sectors
- Cash generated from operations increased to R1.3 billion, relative to a cash outflow of R615 million in the prior comparable period
- A step-change reduction in debt through the successful conclusion of several asset disposals, as well as through reduced costs and working capital improvements
- Strategic transformational partnerships, while decelerated by the pandemic, continue to be progressed

Group financial results (including the discontinued starch and glucose operation)

- Basic earnings per share improved by 171% to 166 cents (September 2019: loss of 235 cents)
- Basic headline earnings per share improved by 156% to 130 cents (September 2019: loss of 233 cents)

Group results from continuing operations

- Revenue up 37% to R8.2 billion (September 2019: R6.0 billion)
- Operating profit up 95% to R1.9 billion (September 2019: R973 million)
- Adjusted EBITDA[1] up 127% to R2.5 billion (September 2019: R1.1 billion)

• Hyperinflationary net monetary loss of R301 million[2] (September 2019: loss of R329 million)
• Earnings up 108% to R43 million (September 2019: loss of R519 million)
• Basic earnings per share up 108% to 32 cents (September 2019: loss of 384 cents)
• Headline loss improved by 101% to R6 million (September 2019: loss of R517 million)
• Basic headline loss per share improved by 101% to 4 cents (September 2019: loss of 383 cents)
• Segmental cash flows[3] increased by 180% to an inflow of R1.4 billion (September 2019: cash outflow of R776 million)
• No dividend was declared in the current period

(Tongaat Hulett's starch and glucose operation was reclassified as a discontinued operation pending finalisation of the disposal which occurred post period-end on 31 October 2020. While the Namibian packaging operation and the sugarcane estate in Eswatini were classified as held-for-sale, these operations have not been disclosed as discontinued operations as they are not considered to be major separate geographic areas of operation. All financial results reflect the continuing operations unless stated otherwise)

1. *Adjusted EBITDA (a non-IFRS measure) is defined as operating profit adjusted to exclude depreciation, amortisation, any impairment (or reversal thereof), any other non-trading items, as well as any fair value adjustments relating to biological assets.*
2. *The net monetary loss arising from hyperinflation accounting is not included in operating profit*
3. *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 (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

We are proud to present significantly improved financial results in a period of substantial volatility and disruption. The sudden onset and the pervasive impact of the COVID-19 pandemic have added significant challenges to already tough economic conditions in Southern Africa. We were fortunate that the majority of Tongaat Hulett's businesses were classified as essential services and were able to continue to operate during the Government-imposed lockdown restrictions. Crucially, the restructuring and reinvigoration of our group over the past two years has permitted us to thrive in this challenging environment, supported by a leaner, fit-for-purpose platform from which to weather the storm.

Of paramount importance during this time was the protection of our employees and support for our communities. We implemented widespread education, testing, counselling and safety measures across all jurisdictions to protect staff from the pandemic, with the wellness of over 20 000 staff members having been assessed to date. We also refurbished clinics and hospitals around our operations, established and equipped COVID-19 isolation centres and provided ventilators and personal protective equipment as required. Fortunately, we were able to preserve employment of our workforce and ensure that our suppliers were paid in accordance with agreed credit terms.

The financial impact of the pandemic on our sugar operations has been limited. This has allowed for a rigorous focus on operational improvements which has started to yield positive results. Consequently, our sugar operations performed pleasingly, with critical indicators all pointing towards continuous improvement going forward. The South African sugar operations, in particular, produced a standout performance. Our starch and glucose operation generated a steady performance, despite the reduction in demand from alcoholic beverages and other non-essential sectors during the lockdown restrictions. The property operation was hardest hit by the COVID-19 lockdown measures. Property transfers were delayed due to the closure of deeds offices and while poorer economic conditions have triggered some deal cancellations, we continued to make steady progress with property sales with a further three transactions totalling R197 million having been concluded post period-end.

To date, the focus on improving our cash generation and reducing debt has resulted in a considerable reduction in debt levels. Several key asset disposals have successfully been concluded during the period. Cash flow generated from operations improved by some R1.9 billion, with the bulk of this improvement delivered by the sugar operations through a successful focus on operational improvements, cost initiatives and significantly increased productivity across all our sugar businesses.. The group's transformation initiatives continue to be progressed, albeit with some delays, through four strategic business partnerships as discussed further on, these being FarmCo, PropCo, MillCo and Project Kilimanjaro.

Tongaat Hulett continues to implement decisive steps to become a more profitable and sustainable business. We are encouraged that the extensive initiatives that we have implemented are beginning to translate into improved financial performance. We are determined to continue to lay the groundwork for Tongaat Hulett's successful return to sustainable value creation for our stakeholders.

FINANCIAL RESULTS

Gross revenue from continuing operations for the six months ended 30 September 2020 increased by 38% to R8.248 billion (September 2019: R5.984 billion). Operating profit of R1.910 billion was increased by 96% relative to the R973 million generated in the prior comparable period and reflects strong improvements in our sugar operations, the impact of operational progress on a variety of fronts, and the effect of hyperinflation on Zimbabwean operations. Operating profit also benefited from the profit on disposal of the Namibian packaging operation of R183 million and the accounting requirement to not depreciate assets that have been classified as held-for-sale, mainly the starch and glucose operation, which amounted to R56 million.

This recovery was somewhat countered by a 23% increase in net finance costs to R1.053 billion (September 2019: R855 million), largely due to an increased exchange loss of R116 million on foreign currency borrowings (non-cash in nature) and the impact of extending leases in Mozambique. Despite a 2.8% reduction of the underlying interest rates in South Africa, the weighted average cost of the restructured South African debt facilities that came into effect in March 2020 only decreased by 0.5%. Net finance costs settled in cash was R666 million (September 2019: R645 million). Finance costs continue to be a significant constraint on liquidity, again underlining the imperative to substantially reduce debt and improve cash flow as part of the turnaround strategy.

The impact of hyperinflation in Zimbabwe continued to have a significant bearing on the reported profits and resulted in a non-taxable net monetary loss arising from hyperinflation accounting of R301 million (September 2019: R329 million). The net effect of all of the above factors is a profit after tax of R491 million, which reflects a significant turnaround from the loss of R199 million in the comparable prior year period.

As the financial results of the starch and glucose operation are included in the group's results for the six months for both the current and previous interim period, we have continued to distinguish between financial results for all operations, as well as for only continuing operations. The disposal of the starch business was finalised and proceeds received on 31 October 2020 and full disclosure concerning the classification of the starch and glucose operation as a discontinued operation has been provided in the interim financial statements.

Total headline earnings for the six months to 30 September 2020 including discontinued operations increased by 156% to R175 million (September 2019: headline loss of R315 million). The headline loss from continuing operations reduced to R6 million (September 2019: headline loss of R517 million). Basic headline earnings per share including discontinued operations also grew by 156% to 130 cents (September 2019: loss of 233 cents), while the headline loss per share from continuing operations reduced to 4 cents (September 2019: loss of 383 cents). No interim dividend was declared.

Reprioritised capital expenditure amounted to R232 million, reflecting continued investment to sustain and improve all our operations.

Zimbabwe hyperinflation

The requirements of IAS 29 *Financial Reporting in Hyperinflationary Economies* (IAS 29) have again been applied to the financial results for the six months ended 30 September 2020. Comprehensive information related to the hyperinflation dynamics is disclosed in more detail in the interim financial statements. Hyperinflation can distort the fair value adjustments to biological assets reflected in profit and for this reason, Tongaat Hulett utilises the concept of Adjusted EBITDA that removes these fair value adjustments.

- **Impact of hyperinflation**

Zimbabwe has applied hyperinflation accounting to all financial periods presented, with effect from October 2018. Annual inflation at September 2020 was 659% (September 2019: 353%) having slowed down from a peak of 838% in July 2020. At October 2020, being the latest published data, annual inflation had further reduced to 471%.

While the interbank exchange rate is impacted by limited foreign currency liquidity within the Zimbabwean economy, the situation has improved somewhat with the reintroduction of a market-driven foreign exchange auction system in June 2020. The premium of unofficial exchange rates over the official exchange rate narrowed from 74% at the end of June 2020 to 19% at the end of September 2020, which reduces some of the distortion of the results reported in Rand terms.

The table below shows the results reported for the Zimbabwe operations translated using the official interbank rate (i.e. ZWL 81 : USD 1 or ZWL 4.9 : ZAR 1), together with a sensitivity showing the impact of applying the unofficial exchange rate within the economy. At 30 September 2020, the unofficial exchange rate was ZWL 97 : USD 1 (ZWL 5.8 : ZAR 1).

R' million	As reported (Official exchange rate)	Sensitivity (Unofficial exchange rate)	Difference
Revenue	3 075	2 582	(493)
Operating profit	1 532	1 286	(246)
Profit for the year	719	612	(107)
Net asset value	3 536	2 963	(573)
Total assets	5 564	4 698	(866)

SEGMENTAL PERFORMANCE

R 'millions	September 2020	September 2019	% Change
Operating profit (continuing operations)	**1 910**	**973**	**96**
Sugar	2 126	855	149
South Africa	254	(283)	190
Mozambique	59	122	(52)
Zimbabwe	1 532	928	65
Other SADC	281	88	219
Property	(47)	243	(119)
Corporate	(169)	(125)	(35)
Starch and glucose (discontinued)	283	305	(7)
Adjusted EBITDA (continuing operations)	**2 543**	**1 088**	**134**
Sugar	2 759	970	184
South Africa	339	(156)	317
Mozambique	342	280	22
Zimbabwe	1 926	717	169
Other SADC	150	129	16
Property	(46)	243	(119)
Corporate	(168)	(125)	(34)
Starch and glucose (discontinued)	283	366	(23)

It should be noted that both the sugar and the starch and glucose operations have strong seasonal traits associated with the operations and financial results. The nature and impact of the seasonality have been included in the segmental reporting note of the interim financial statements to illustrate some of the underlying drivers.

Sugar

The various sugar operations recorded an operating profit of R2.126 billion, relative to R855 million in the prior period. The increase was attributable to a strong turnaround in the South African operations, a good operational performance in Mozambique, steady operations and hyperinflation in Zimbabwe, as well as the profit on the disposal of the Namibian packaging operation. Efficiency improvements and cost savings, together with certain once-off costs necessary to implement the turnaround strategy, contributed to the overall solid performance of the different operations. The Sugar operations were defined as essential services and were therefore able to operate with fewer of the unavoidable disruptions caused by the COVID-19 lockdown restrictions.

- **South Africa**

The South African sugar operations generated a significantly enhanced financial performance in the six months to 30 September 2020, recording an Adjusted EBITDA of R339 million, compared to a loss in the previous comparable period of R156 million.

Milling performance was better than the prior period, with the sugar mills crushing 3 506 918 tons of sugarcane (September 2019: 3 466 935 tons) and producing 404 060 tons of raw sugar (September 2019: 387 210). However, some operational challenges were experienced as a result of COVID-19. Various outbreaks of strike action and community unrest impacted negatively on operations, while the commissioning of a rehabilitated milling line at Maidstone mill (necessary to compensate for the loss of milling capacity from the mothballed Darnall mill) was delayed.

Gross revenue increased by 25% from R2.662 billion to R3.531 billion with a total of 393 758 tons of sugar sold during the period (September 2019: 239 400 tons), resulting from export sales that were brought forward to support improved cash flow.

Local market sales were buoyant, particularly over the lockdown period, with sales volumes increasing by 24% to 246 130 tons (September 2019: 195 574 tons). With some sectors not able to operate during the initial lockdown, industrial sales volumes were constrained in the first part of year but have shown signs of recovery ahead of the peak demand during the South African summer months. Direct sugar sales experienced strong demand during the lockdown, supported by wholesalers and retailers switching their private label sugar to South African produced sugar. Sales further benefitted from an inflation-linked price increase which was implemented in September 2020.

Export sales volumes increased by 103 802 tons to 147 628 tons, benefitting from the weaker exchange rate and improved pricing, particularly in refined sugar markets. While export prices remain lower than the fully absorbed cost of production, the improved realisations and lower stock levels reduced the write-down of export sugar stocks to net realisable value (relative to the prior period).

Focussed initiatives were implemented to reduce the cost to serve each customer, contributing to a substantially improved margin on sales. Sales in the animal feeds business have significantly improved, with volumes increasing by some 24%. Pricing was adjusted to recover lost market share. The combination of these positive factors culminated in a convincing turnaround in profitability for the South African operations.

Segmental cash flow generation has improved notably, from an outflow of R661 in the 6 months to 30 September 2019 to an inflow of R217 million in the current period.

- **Mozambique**

The Mozambican sugar operations delivered a solid performance, increasing Adjusted EBITDA by 22% from R280 million in the comparable period to R342 million in September 2020. Production increased modestly, with the sugar mills crushing 1 538 824 tons of sugarcane (September 2019: 1 478 125 tons) and producing 173 668 tons of raw sugar (September 2019: 164 547 tons).

The Xinavane operation produced 143 276 tons (September 2019: 140 428 tons) with excellent factory performance in terms of reliability and an overall time efficiency of over 90%, offset somewhat by lower sugarcane yields caused by an early season start-up, necessitated by low levels of sugar stock in the market, as well as by limited irrigation due to low dam levels. An accelerated replant programme has commenced to rejuvenate cane roots. The Mafambisse operation began its recovery after the impact of Cyclone Idai with sugar production increasing from 24 119 tons to 30 392 tons, contributing positively to operating profit during the period. Production at the recently commissioned refinery at Xinavane was successfully ramped up, more than doubling from 24 628 tons in the previous comparative period to 47 266 tons in the current period and attaining 58 400 tons at the close of the season.

At the industry level, domestic sales volumes of 89 712 tons were in line with the previous comparable period of 90 051 tons. While the introduction of a value-added taxation on sugar impacted sales in April 2020 and May 2020, the onset of the COVID-19 pandemic caused the Government to extend the previous value-added tax exemption until December 2023. The extension has supported some recovery in sales volumes. In the northern regions, the insurgence has created a volatile situation and traders have been cautious of holding sugar stocks, negatively effecting sales volumes.

Price realisations improved as lower discounts were required to support consumer demand. Average sugar pricing increased by 18% compared to the previous period, due to improved export pricing and an improved local market sales mix. Cost reduction initiatives implemented over the past 12 months were successful in realising savings, particularly in respect of manpower costs.

Operating profit was negatively impacted by a reduction in the fair value of biological assets of R35 million, as leased-in farms were returned to private growers as part of a long-standing supplier development initiative. An impairment loss of R36 million was recognised in respect of additions to agricultural assets, where the carrying amount of these assets has been impaired in previous years to residual value but remains above the recoverable amount.

The recovery of the Rand against the Mozambican Metical since 31 March 2020 has resulted in exchange losses being realised on foreign creditors, which were partly offset when translating profits into Rand for reporting purposes.

- **Zimbabwe**

The Zimbabwe sugar operations generated Adjusted EBITDA of R1.926 billion (September 2019: R717 million), benefitting from ongoing improvements to operations and the effects of hyperinflation. Margins were further improved by prepayments made in the previous financial year for goods used in the current period, to preserve the value of the local currency.

The sugar mills crushed 2 472 740 tons of sugarcane (September 2019: 2 480 828 tons) and produced 296 974 tons of raw sugar (September 2019: 303 155 tons). Refined sugar production was 26 251 tons (September 2019: 32 050 tons). Sugar production was marginally lower than the previous period.

Production at the Triangle operation was 149 014 tons (September 2019: 151 079 tons). The area harvested was ahead of the prior period, which offset the impact of lower sugarcane yields of 105 tons per hectare (September 2019: 118 tons). The cane yield was negatively impacted by lower levels of irrigation of sugarcane fields. Sugar production at the Hippo Valley operation of 147 960 tons was below the previous period production of 152 076 tons. While area harvested was in line with the previous period, cane yields were also impacted by lower levels of irrigation due to power outages impacting irrigation, reducing yields to 108 tons per hectare (September 2019: 115 tons).

Local sales volumes declined by 13% from 181 590 tons to 158 439 tons, as supply and pricing into the market were responsibly managed to prevent arbitrage into surrounding regional markets, particularly during the period in which a price freeze was recommended by the Government. Low household disposable incomes added to the subdued demand. The price freeze was lifted at the end of May 2020. As a result of shortages of local currency in the country and the introduction of dual pricing for local transactions, between 50% and 70% of local market sales are being concluded in locally-generated US Dollars.

Growing export sales into regional and other preferential markets continues to be a key focus in generating foreign currency. Efforts in this regard gained further impetus with export sales increasing by 42% to 19 600 tons and the relative contribution from exports increasing from 21% to 30% of total sales volumes, period-on-period. Export pricing in US Dollar terms was in line with the previous interim period.

Ethanol production grew by 16% to 14.2 million litres (September 2019: 12.2 million litres). Ethanol sales increased by 17% to 11.6 million litres (September 2019: 9.9 million litres). Sales into fuel blending markets were lower given limited travel during the lockdown, while sales into industrial markets for the production of sanitisers increased.

- **SADC**

The SADC sugar operations performed well, collectively increasing Adjusted EBITDA by 16% to R150 million (September 2019: R129 million), despite being impacted by the disposal of the Namibian packaging operations with effect from 1 July 2020. The Namibian packaging operation reported an Adjusted EBITDA of R11 million (September 2019: R16 million).

In Botswana, the COVID-19 lockdown meant certain industry sectors could not operate, which resulted in lower bulk sugar sales for the packing operation. Demand for prepack sugar remained stable, with sales volumes showing marginal growth. Adjusted EBITDA increased by 53% to R52 million (September 2019: R34 million), supported by a weaker Rand.

The Tambankulu sugarcane estate in Eswatini benefited from higher sucrose prices which increased Adjusted EBITDA to R84 million from R79 million in the prior period. The disposal of this operation was concluded on 2 December 2020.

Property

The property operations produced an acceptable result in the context of an inability to operate effectively under challenging conditions. The operation reported an Adjusted EBITDA loss of R46 million in the period (September 2019: profit of R243 million). Of all Tongaat Hulett's segments, COVID-19 had the most notable negative impact on this operation. Two large land sales for a total of 35 hectares were concluded and generated revenue of R31 million, in line with the previous comparative period. Township property sales, however, reduced from the equivalent of 138 000m^2 new floor area in the prior period to 28 000m^2, due to delays experienced in transfers with deeds offices being closed during the lockdown. This was further exacerbated by various deals under negotiation that were halted or abandoned as a result of the pandemic and the lack of economic activity. During October 2020, three property transactions with a cumulative value of R197 million were concluded.

A change in the commercial strategy for sites in Umhlanga Hills is expected to result in a more affordable end-product, which necessitated a once-off adjustment to the value of inventory, which reduced profits by R20 million. An increased allowance for credit losses of R19 million was recognised during the period, specifically for infrastructure recoveries from municipalities where the process of concluding the necessary agreements has been delayed and where extended payment terms may be required.

Cost reduction initiatives resulted in savings of R32 million period-on-period, mainly is respect of manpower costs. The lockdown also delayed the installation of infrastructure to sites, with only R38 million having been spent during the period, which contributed to the segmental cash outflow reducing from R346 million in the prior period to R83 million.

Starch and glucose

Adjusted EBITDA in the starch and glucose operation declined to R283 million (September 2019: R366 million). Starch and glucose sales volumes decreased by 14% from 254 499 tons to 218 806 tons. Domestic sales volumes of 189 749 tons were 13% below the comparative prior period, while exports of 29 057 tons were 18% lower than export volumes to September 2019. The lockdown restrictions had a notable effect on sales to the alcoholic beverage sector which decreased by 39% to 32 230 tons, with sales to non-essential services such as confectionary and papermaking similarly impacted. Coffee Creamer sales volumes, however, grew by 33% to 13 276 tons.

The maize crop for the current season is estimated to be 15.420 million tons compared to 11.275 million tons in the previous season, which is the second-highest crop on record. Notwithstanding the good maize crop, maize prices continued to trade higher and placed margins under pressure. Maize prices were impacted by volatility in international commodity prices, the weaker exchange rate, as well as the expectation of lower closing maize stocks due to increased export demand.

Higher maize prices and the weaker exchange rate translated into higher co-product realisations. This, combined with cost reduction initiatives and the accounting requirement to not depreciate assets classified as held-for-sale, resulted in a modest reduction in operating profit in the starch and glucose operation.

Corporate costs

The substantial increase in centrally allocated costs are mainly transitory and non-recurring in nature and include restructuring costs of R35 million related to legal and advisor fees incurred on the dispute pertaining to the starch disposal, debt restructuring fees, legal fees incurred on criminal and civil cases, as well as various costs associated with transaction circulars.

Employment costs increased to accommodate critical new roles. Governance and oversight were significantly strengthened through key governance appointments in the areas of risk, compliance and legal, amongst others.

Further costs relate to the establishment of a regional sugar function, the cost of which is not fully recovered from the different operations. The process to implement a transparent cost recovery methodology is nearing completion.

DEBT AND CASH FLOW

One of the most fundamental requirements for resetting Tongaat Hulett's path to sustainable prosperity is to reduce the gearing in the business. Stringent milestones have been developed and agreed with funders to achieve this objective.

The group's net borrowings at 30 September 2020 were R10.898 billion, compared to R11.936 billion at 30 September 2019 (adjusted to exclude the net borrowings of all held-for-sale assets as at 30 September 2020), a reduction of R1.038 billion. On the same basis, gross borrowings decreased by R739 million, demonstrating a significant improvement relative to the operational cash flows in previous years. Pleasingly, debt repayments in this period have exceeded debt drawdowns for the first time since the start of the debt reduction programme.

Net finance costs paid to funders increased by 23% to R1.053 billion, compared to R855 million in the comparative period to 30 September 2019, largely due to an exchange loss of foreign currency funding balances (both external, internal and lease obligations) that increased by R116 million to R268 million. The benefit of improved cash flow and interest rate reductions announced in South Africa and Mozambique was offset by the higher cost of the restructured South African debt facilities (including amortised debt raising fees of R57 million).

Regional debt exposure

R 'million	September 2020	September 2019	March 2020
South Africa	10 604	11 039	10 937
Mozambique	842	1 264	1 344
Zimbabwe	82	21	109
Local currency borrowings	**11 528**	**12 324**	**12 390**
Mozambique	81	31	85
Zimbabwe	117	110	121
Foreign currency borrowings	**198**	**141**	**206**
Total borrowings (excluding liabilities of held-for-sale assets)	**11 726**	**12 465**	**12 596**
Liabilities of held-for-sale assets	715	528	261
Total borrowings	**12 441**	**12 993**	**12 857**

Regional cash balances

R 'million	September 2020	September 2019	March 2020
South Africa	232	31	776
Mozambique	163	236	34
Other SADC	77	33	48
Zimbabwe	356	229	317
Total cash balances (excluding held-for-sale assets)	**828**	**529**	**1 175**
Held-for-sale assets	89	121	67
Total cash balances	**917**	**650**	**1 242**

- **South African debt**

In South Africa, net borrowings (excluding the trade finance facilities of the starch and glucose operation) decreased by R636 million to R10.372 billion at 30 September 2020 (September 2019: R11.008 billion). Net finance costs incurred on South African borrowings were R620 million (September 2019: R582 million). Average borrowings for the six months to September 2020 were in line with the prior period, with the cash flows from improved operational performance and the turnaround initiative used to fund interest costs and capital expenditure. The benefit of a 2.8% reduction in base interest rates was offset by the higher cost of the refinanced facilities (including amortised debt raising fees of R57 million), given that in the previous comparable period the long-term borrowings had not yet been repriced. The weighted average cost of borrowings for the period was 9.05% (September 2019: 9.57%).

Post period-end, proceeds of the starch and glucose transaction totalling R5.260 billion were received, with R4.641 billion applied towards the debt reduction milestones. A further R169 million was used to settle transaction costs and any related obligations (such as the settlement of the post-retirement medical benefits for transferring employees). An amount of R450 million is held in escrow until 30 September 2021 to cater for potential claims being made by the purchaser under the warranties or other provisions of the sale and purchase agreement. In addition, the purchaser assumed the starch and glucose operation's trade finance facilities as at 31 October 2020 of R532 million. The initial proceeds on disposal of Tambankulu of R389 million were received during the first week of December 2020.

To date, cumulative debt reduction transactions concluded total R6.400 billion with debt reduction proceeds of R5.76 billion received and applied towards the group's debt reduction target of R8.1 billion by 30 September 2021.

Debt reduction transactions (R 'million)	Signed debt transaction agreements	Debt reduction proceeds received
Liquidation of Tongaat Hulett DB Pension Fund	512	512
Liquidation of Tongaat-Hulett Pension Fund	148	-
Disposal of Namibian packaging operation	111	111
Disposal of Starch business	5 091	4 641
Disposal of Eswatini operations	431	389
Disposal of various landholdings	107	107
Total achieved to date	**6 400**	**5 760**

In light of the impact of the COVID-19 lockdown on the group's ability to meet debt reduction milestones, as well as the delay in the disposal of the starch business, Tongaat Hulett agreed in principle to a second restructure of its existing debt facilities and concluded the agreement with lenders on 4 November 2020. The most significant amendments to the restructured debt relate to the extension of the maturity dates of Tongaat Hulett's senior term loan and revolving credit facilities to 30 September 2021 and the senior seasonal term loan and revolving credit facilities to 31 March 2022, as well as the revision of the default debt reduction milestones and the financial ratio covenants. Missing the original milestones, however, increases the pricing of the remaining debt and there is a strong emphasis on adhering to the agreed milestones to the extent possible.

- **Debt in Mozambique**

Net debt in Mozambique decreased from R1.059 billion at September 2019 to R760 million at 30 September 2020. This was as a result of the improved financial performance, with some translation benefit from a weaker Metical exchange rate against the Rand. Net finance costs incurred in Mozambique were R260 million (September 2019: R118 million) and included foreign exchange losses of R113 million that arose on foreign currency denominated lease balances and intercompany funding. The renewal and extension of lease arrangements increased finance costs, offsetting the benefit of interest rate reductions announced as part of a COVID-19 relief package.

The debt standstill agreement in respect of debt owed to lenders of the Mozambique operations continues to remain in effect until 30 June 2021. Lenders in Mozambique have agreed, in principle, to a debt restructuring proposal and certain lenders have obtained credit approval in support thereof. Debt reduction initiatives include improved operational performance, the sale of the operation's vehicle fleet to Unitrans and the disposal of less profitable farms.

- **Zimbabwe treasury position**

Dividends from surplus export proceeds of R192 million were repatriated to South Africa during the six months, with a further R96 million received post-period-end, bringing the total dividend received to date to R288 million.

The Zimbabwean operations continue to carry limited exposure to the US Dollar in terms of their foreign currency borrowings (both external and intercompany). With the prioritisation of paying dividends, external foreign currency borrowings remained unchanged from 30 September 2019 at US$7 million, while surplus US Dollar cash balances that provided some hedge against exchange rate volatility were reduced. Exchange rate losses of R154 million arose during the period, which were at a similar level to the prior period.

Project Kilimanjaro (discussed below) is targeted to be completed by September 2022 at a total project cost of US$50 million. Funding requirements have been challenged by the impact of hyperinflation, however negotiations in this regard continue.

Cash flow

Excellent progress was made in terms of cash flow generation in the period, with cash generated from operations increasing to R1.341 billion, relative to a cash outflow of R615 million in the prior comparable period, reflecting an overall improvement of nearly R2 billion.

Cash flow after working capital continued to be closely monitored and was positive despite September being the peak of the working capital cycle for the sugar businesses. The impact of higher stock levels in Zimbabwe was largely offset by lower stocks in the South African sugar business. Trade payables normalised after a significant outflow in the previous period that was required to settle deferred creditors in the property and Mozambique sugar businesses where extended credit facilities were granted.

Capital expenditure increased to approximately R232 million, compared to R120 million in the prior period, and was in line with the depreciation charge for the period. Expenditure on replanting cane roots, included in capital expenditure, increased from R27 million to R71 million, with R41 million having been incurred by the Mozambique operations. Capital expenditure incurred by the starch and glucose operation totalled R40 million (September 2019: R26 million). In the South African sugar operations, total capital expenditure increased from R11 million to R96 million in the current period, with R55 million spent on rehabilitating the second milling line at the Maidstone sugar mill.

The way forward

Good progress has been made to reduce the significant debt burden in South Africa which, due to difficulties on repatriating profits from Zimbabwe and Mozambique, has to predominantly be serviced by South African earnings, the proceeds of asset sales, and/or an equity capital raise.

The achievement of the 31 March 2021 cumulative proceeds debt reduction milestone of R6 billion is dependent on the group finalising the liquidation of a second legacy pension fund, closing out the working capital adjustments for the disposal of the Namibian packaging operation and the Tambankulu sugarcane estate, as well as concluding further land sales to mitigate the shortfall of R47 million.

The group is progressing with transformational initiatives to reach the R8.1 billion debt reduction target by 30 September 2021. The pandemic and the economic uncertainty in its aftermath have caused investors to adopt a more cautious stance toward investment. This has prompted a slowdown in demand for land and new developments, delays in the finalisation or of transactions, and in some cases a rescoping of projects. Consequently, some degree of execution risk exists with respect to the timing of closing these transactions. Despite these delays and setbacks, the group is focusing on the possible disposal of certain parcels of land that are progressing well and is steadily advancing the transformational projects. Critically, the turnaround in operational cash flows are such that the company's ability to service its debt from operationally generated cash flows has been hugely enhanced and the company expects this trend to continue as Tongaat Hulett continues its operational improvements.

Tongaat Hulett has met all the default milestones to date, has not defaulted on the commitments thus far and, to date, has one interest rate ratchet applied to the pricing of its South African facilities. With the conclusion of the sale of the starch and glucose business and the resultant deleveraging, the group is in a more favourable position to engage with the banks and request some respite in the event that a debt reduction milestone is not met. A proposal to refinance the South African facilities before they mature in 30 September 2021 is currently being progressed. In assessing the various options available to reduce debt to a level that can be refinanced by the group's lenders, the Tongaat Hulett Board continues to consider the merits and quantum of *inter alia* further asset sales and a potential equity raise.

Once a decision as to the correct approach has been taken, a further announcement will be made to shareholders.

REVIEW CONCLUSION REPORT

These condensed consolidated financial statements for the period ended 30 September 2020 have been reviewed by Deloitte & Touche, who 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, including a section on the material uncertainty relating to going concern. Comparative information for the six months ended 30 September 2019 is neither audited nor reviewed and the information for the year ended 31 March 2020 was audited.

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

BLACK ECONOMIC EMPOWERMENT AND ECONOMIC TRANSFORMATION

Transformation remains firmly on the agenda of the Board who are actively looking to reinstate the B-BBEE position of the group, while positively and meaningfully impacting society through transformational initiatives. All four of the partnerships envisaged in the restructuring strategy have placed a strong emphasis on maximising transformational impact, while simultaneously improving the group's financial sustainability. These include the following:

- **FarmCo,** launched in September 2019, is a transformative agricultural initiative through which Tongaat Hulett is optimising its direct sugarcane farming activities in South Africa. Tongaat Hulett exited a significant portion of its direct sugarcane farming activities by leasing company-owned farmland to Uzinzo Sugar Farming (“Uzinzo”) and other third-party growers. The arrangement has established Uzinzo as the largest black grower in the South African sugar industry.

- **MillCo** is an initiative within the South African milling operations, aimed at establishing a vertically integrated, well-structured and competitive sugar business on the KwaZulu-Natal north coast. The business will potentially mill, refine and market sugar and associated products, with the intention that equity be held by farmers, amongst others. The partnership is expected to generate proceeds for Tongaat Hulett, as well as additional funding for growth capital expenditure within MillCo. While the lockdown has slowed due diligence processes for the project, MillCo continues to attract a range of participants wanting to participate. The engagement has currently been paused to allow resolution of differences between the parties in relation to the valuation of the proposed assets. These differences have introduced an increased risk of delays in concluding a sale agreement in respect of the transaction before the 31 March 2021 debt reduction milestone date. The empowerment participation of small-scale growers in the South African sugar business, in line with the Sugar Master Plan recently published by the South African Government, continues to be developed. The company is also exploring various alternatives in respect of specific assets of the South African sugar milling business (e.g. the refinery and Voermol Feeds).

- **PropCo** falls within the property and land portfolio, where good progress is being made on establishing a separate entity for our property portfolio in partnership with other co-investors. The PropCo initiative may involve the sale of an equity stake to single or multiple parties and/or the outright sale of large portion of long-dated land. Despite delays caused by the COVID-19 lockdown, the PropCo transaction continues to be progressed. Due diligence processes are ongoing and current interactions are focussed on understanding the bidder's approach to the valuation of the portfolio. In parallel to the PropCo transaction, the outright sale of a portion of the residential and long-dated property portfolio is being pursued.

- **Kilimanjaro,** a project in Zimbabwe, aims to increase the productivity of land through the development of 4 000 hectares of virgin land for sugarcane farming for the benefit of 200 local farmers while creating 2 000 new jobs. As discussed above, the project is well underway with more than 2 657 hectares already cleared to date, with the first 562 hectares of sugarcane having been planted. The finalisation of the remainder of the project will be dependent on obtaining suitable funding and various options are being explored.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Governance

Tongaat Hulett has made significant strides in recent times to elevate governance and accountability within the business and effect a shift in culture. We have bolstered our governance and financial controls and strengthened internal audit, financial discipline and assurance with the appointment of key positions such as the Chief Audit Executive, Chief Risk Officer, Chief Information Officer, Human Resource Executive and group Legal Counsel. To give substance to the ethos of this group, we have rolled out a set of values and desired behaviours and are working on entrenching these across the business.

As reported in the Integrated Annual Report for 31 March 2020, the JSE Limited had concluded its investigation into the publication by the company of financial information for the period 2011 to 2018 that did not comply with IFRS and which was incorrect, false and misleading. The JSE imposed a fine of R7.5 million, of which R2.5 million has been suspended for five years in recognition of the company's cooperation in, and assistance with the investigation. The JSE's investigation into the conduct of individuals that presided over the company during the periods in question is ongoing. At 31 March 2020, R5 million in respect of the fine payable was accrued.

The regulatory conduct investigations have now been finalised with the closure of the investigation by the Financial Services Conduct Authority (FSCA). The FSCA determined that Tongaat Hulett had breached the provisions of section 81 of the Financial Markets Act in respect of the misrepresentation of its financial performance in prior years, which resulted in the significant restatement of its historic financial statements. The FSCA imposed an administrative penalty of R118.34 million (inclusive of costs), which was reduced to R20 million in response to Tongaat's appeal for a remission of the penalty, payable in quarterly instalments until October 2025. The FSCA noted that Tongaat's current management had given full cooperation during the investigation and enforcement process, had accepted that the company contravened the regulations and had undertaken to put measures in place the mitigation of the risk of similar contraventions occurring in the future.

We remain committed to the process of holding those responsible accountable and are co-operating fully with the relevant authorities. Civil claims processes are underway, and criminal cases against former executives and senior managers have been opened, both in South Africa and in Zimbabwe.

Changes to the board of directors

With effect from 1 July 2020, Mr David Noko was appointed as an independent non-executive director. Mr Noko will serve as the Chairman of the social, ethics, health and safety committee and a member of the remuneration and human resources committee. On 15 July 2020, Ms Louisa Stephens was appointed as an independent non-executive director. Ms Stephens will serve as a member of the remuneration and human resources committee and the risk, capital and investment committee.

Change of auditors

On 1 December 2020, the Board announced the appointment of Ernst & Young Inc. (EY) as the group's external auditors for the financial year ending 31 March 2022, subject to shareholders' approval at the 2021 annual general meeting. The audit services of Deloitte & Touche will end on completion of their statutory commitments for the group's 2021 financial year, which is expected to be on or about 31 July 2021 where after EY's appointment will commence. An appropriate plan to manage the transition between external auditors is under development.

Regulatory developments

The Sugar Industry Master Plan aims to increase the sustainability of the industry through the diversification of the value chain away from one that is almost solely focused on the production of raw and refined sugar, to one that produces a wide range of globally competitive sugarcane-based products. The sugar industry and key stakeholders have been participating in the development of the plan under the guidance of the Department of Trade, Industry and Competition. Regulations for the implementation of the plan were approved in June 2020, which also provides Competition Commission exemption, allowing industry stakeholders to collaborate on the implementation of the plan. The final plan was signed by all participants in November 2020. Tongaat Hulett is supportive of the plan and views this partnership amongst stakeholders as a means of unlocking growth opportunities and creating prosperity for stakeholders in the value chain, as well as for society.

Sustainable business

Tongaat Hulett's focus is expanding from immediate crisis management to cementing the longer term sustainability of our group. The Environment, Social and Governance (ESG) agenda is receiving renewed focus and a new Sustainability Management Framework has been introduced into the business to align our efforts in this regard.

Safety

The safety of our employees is a top priority and Tongaat Hulett is proud of its safety performance that ranks in the top quartile of JSE-listed companies. Overall safety performance and the enforcement of safety protocols by employees, contractors and suppliers receive ongoing and continuous attention. We remain vigilant and are reinforcing COVID-19 awareness through campaigns and the ongoing application of protocols across all operations. Despite our best efforts, loss of life through exposure to the pandemic and fatal incidents do tragically occur from within our ranks as well as with contractors. The group extends its sincere condolences to their families and loved ones.

DIVIDEND

Given the group's current strategic focus on reducing its debt, the Board has determined that no dividend should be declared for the 2021 financial year. It is also envisaged that no further dividends will be declared until a sustainable capital structure is achieved.

OUTLOOK

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

The prevailing sentiment of considerable caution amongst business and governments alike, is evidence of the difficult times in which we continue to operate. We expect the COVID-19-related challenges of the past six months to continue for the remainder of the financial year, as the countries in which we operate look to be entering a second wave of the pandemic. Significant uncertainty prevails as to the ultimate duration and impact of COVID-19, as well as the rate of economic recovery in the aftermath of the pandemic. Due to the evolving and uncertain environment, any forward looking guidance that the group provides is based on best efforts and could be impacted by factors outside our control.

Notwithstanding this austere outlook, good progress has been made across our businesses. We anticipate the strong growth in the sugar EBITDA to continue for the remainder of this financial year. In our property portfolio, new property sales will be balanced against legacy obligations.

Pleasing progress has been made to improve cash flows and the group is well on track to deliver on its two-year, R3 billion cash flow improvement target. We continue to review the capital structure in light of the remaining debt reduction milestones. The reduced debt levels will have a positive impact on finance costs for the remainder of the year. To rejuvenate and maintain our quality assets, capital investment will be increased and aligned to depreciation.

We have made considerable progress to firmly re-establish a sustainable growth path, and we remain committed to restoring confidence in Tongaat Hulett.

Tongaat Hulett's focus is to continue to position the group favourably to reverse declining trends and firmly reset the group on its journey to return to profitability, repay funders and compensate our employees, shareholders and other stakeholders for their continued support.

For and on behalf of the Board

Louis von Zeuner
Chairman

Gavin Hudson
Chief Executive Officer

Tongaat
11 December 2020

Sponsor
Investec Bank Limited

TONGAAT HULETT LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at

R' million	Note	30 September 2020 Reviewed	30 September 2019 Unaudited	31 March 2020 Audited
ASSETS				
Non-current assets				
Property, plant and equipment		5 013	5 619	6 013
Right-of-use assets		362	361	340
Goodwill		51	47	53
Intangible assets		289	358	337
Investments in associates and joint ventures		36	4	35
Deferred tax assets		685	214	593
Other non-current assets		198	856	348
Total non-current assets		**6 634**	**7 459**	**7 719**
Current assets				
Inventories		4 609	5 488	3 281
Biological assets	2	1 500	1 307	2 572
Trade and other receivables		1 507	1 623	1 071
Derivative financial instruments		8	-	-
Current tax assets		114	59	124
Cash and cash equivalents		828	650	1 242
		8 566	**9 127**	**8 290**
Assets classified as held for sale	3	2 864	92	2 139
Total current assets		**11 430**	**9 219**	**10 429**
TOTAL ASSETS		**18 064**	**16 678**	**18 148**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		1 679	1 679	1 679
Accumulated losses		(3 321)	(3 832)	(3 563)
Other reserves		(1 596)	(2 364)	(863)
Total equity attributable to owners of Tongaat Hulett Limited		**(3 238)**	**(4 517)**	**(2 747)**
Non-controlling interests		1 065	592	1 152
Total equity		**(2 173)**	**(3 925)**	**(1 595)**
Non-current liabilities				
Deferred tax liabilities		783	809	1 123
Borrowings	4	101	-	157
Lease liabilities		366	260	227
Post-retirement benefit obligations		400	457	504
Deferred income		224	172	115
Provisions		961	923	690
Total non-current liabilities		**2 835**	**2 621**	**2 816**
Current liabilities				
Borrowings	4	11 625	12 993	12 439
Lease liabilities		46	84	78
Trade and other payables		3 467	4 191	2 493
Post-retirement benefit obligations		56	45	51
Deferred income		43	122	167
Provisions		377	478	688
Derivative financial instruments		-	4	-
Current tax liabilities		294	39	76
		15 908	**17 956**	**15 992**
Liabilities directly associated with assets classified as held for sale	3	1 494	26	935
Total current liabilities		**17 402**	**17 982**	**16 927**
TOTAL LIABILITIES		**20 237**	**20 603**	**19 743**
TOTAL EQUITY AND LIABILITIES		**18 064**	**16 678**	**18 148**

TONGAAT HULETT LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the

R' million	Note	6 months ended 30 September 2020 Reviewed	6 months ended 30 September 2019 Unaudited	12 months ended 31 March 2020 Audited
Continuing Operations				
Revenue	5	**8 248**	**5 984**	**15 382**
Cost of sales		(5 126)	(3 695)	(8 591)
Gross profit		**3 122**	**2 289**	**6 791**
Marketing and selling expenses		(488)	(362)	(1 023)
Administrative and other expenses		(1 066)	(1 012)	(2 836)
Net impairment (loss) / reversal		(36)	1	(4)
Non-trading items	3	183	(6)	(8)
Other operating income		195	63	337
Operating profit		**1 910**	**973**	**3 257**
Net finance costs		(1 053)	(855)	(1 620)
Finance costs		*(822)*	*(757)*	*(1 517)*
Finance income		*36*	*54*	*135*
Net foreign exchange loss on revalution of borrowings		*(267)*	*(152)*	*(238)*
Net monetary loss arising from hyperinflation in Zimbabwe	10	(301)	(329)	(1 296)
Share of net profit of associates		5	2	24
Profit / (loss) before taxation		**561**	**(209)**	**365**
Taxation	6	(241)	(180)	(228)
Profit / (loss) from continuing operations		**320**	**(389)**	**137**
Profit from discontinued operation	3	171	190	393
Profit / (loss) for the period		**491**	**(199)**	**530**
Other comprehensive income / (loss)				
Items that may be reclassified subsequently to profit or loss				
Foreign exchange differences on translation of foreign operations:				
- continuing operations		(947)	(788)	1 064
- discontinued operations		22	9	-
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of post-retirement benefit obligations		13	45	(285)
Tax effect of remeasurement of post-retirement benefit obligations		(3)	(13)	71
Allocation of a retirement fund surplus to the employer		15	-	42
Tax effect of the allocation of a retirement fund surplus to the employer		(4)	-	(12)
Other comprehensive (loss) / income for the period, net of tax		**(904)**	**(747)**	**880**
Total comprehensive (loss) / income for the period		**(413)**	**(946)**	**1 410**
Profit / (loss) for the period is attributable to:				
Owners of Tongaat Hulett Limited		224	(318)	120
Non-controlling interests		267	119	410
		491	**(199)**	**530**
Total comprehensive (loss) / income for the period is attributable to:				
Owners of Tongaat Hulett Limited		(484)	(956)	810
Non-controlling interests		71	10	600
		(413)	**(946)**	**1 410**
Earnings per share arising from profit / (loss) from continuing operations attributable to the owners of Tongaat Hulett Limited (cents)	7			
Basic		32	(384)	(212)
Diluted		32	(384)	(212)
Earnings per share arising from profit / (loss), from continuing and discontinued operations, attributable to the owners of Tongaat Hulett Limited (cents)	7			
Basic		166	(235)	89
Diluted		166	(235)	89

The comparative financial information for the 6 months ended 30 September 2019 has been represented for the classification of the starch and glucose operation as discontinued in terms of IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* .

TONGAAT HULETT LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended

R' million	Share Capital	Share Premium	Accumulated Losses	Share-based Payment Reserve	Foreign Currency Translation Reserve	Total Equity Attributable to Owners of Tongaat Hulett Limited	Non-controlling Interests	Total Equity
Balance at 31 March 2019 (Audited)	**135**	**1 544**	**(3 548)**	**277**	**(1 981)**	**(3 573)**	**601**	**(2 972)**
Total comprehensive loss for the period ended 30 September 2019	-	-	(284)	-	(669)	**(953)**	11	**(942)**
Loss for the period	*-*	*-*	*(318)*	*-*	*-*	***(318)***	*119*	***(199)***
Other comprehensive income / (loss) for the period, net of tax	*-*	*-*	*34*	*-*	*(669)*	***(635)***	*(108)*	***(743)***
Share-based payment charge	-	-	-	8	-	**8**	-	**8**
BEE share-based payment charge	-	-	-	1	-	**1**	-	**1**
Dividends - non-controlling shareholders	-	-	-	-	-	**-**	(20)	**(20)**
Balance at 30 September 2019 (Unaudited)	**135**	**1 544**	**(3 832)**	**286**	**(2 650)**	**(4 517)**	**592**	**(3 925)**
Balance at 31 March 2019 (Audited)	**135**	**1 544**	**(3 548)**	**277**	**(1 981)**	**(3 573)**	**601**	**(2 972)**
Total comprehensive income for the year ended 31 March 2020	-	-	(15)	-	825	**810**	600	**1 410**
Profit for the year	*-*	*-*	*120*	*-*	*-*	***120***	*410*	***530***
Other comprehensive (loss) / income for the year, net of tax	*-*	*-*	*(135)*	*-*	*825*	***690***	*190*	***880***
Share-based payment charge	-	-	-	15	-	**15**	-	**15**
BEE share-based payment charge	-	-	-	1	-	**1**	-	**1**
Dividends - non-controlling shareholders	-	-	-	-	-	**-**	(49)	**(49)**
Balance at 31 March 2020 (Audited)	**135**	**1 544**	**(3 563)**	**293**	**(1 156)**	**(2 747)**	**1 152**	**(1 595)**
Balance at 31 March 2020 (Audited)	**135**	**1 544**	**(3 563)**	**293**	**(1 156)**	**(2 747)**	**1 152**	**(1 595)**
Total comprehensive loss for the period ended 30 September 2020	-	-	242	-	(726)	**(484)**	71	**(413)**
Profit for the period	*-*	*-*	*224*	*-*	*-*	***224***	*267*	***491***
Other comprehensive income / (loss) for the period, net of tax	*-*	*-*	*18*	*-*	*(726)*	***(708)***	*(196)*	***(904)***
Share-based payment charge	-	-	-	(7)	-	**(7)**	-	**(7)**
Dividends - non-controlling shareholders	-	-	-	-	-	**-**	(158)	**(158)**
Balance at 30 September 2020 (Reviewed)	**135**	**1 544**	**(3 321)**	**286**	**(1 882)**	**(3 238)**	**1 065**	**(2 173)**

TONGAAT HULETT LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the

R' million	Note	6 months ended 30 September 2020 Reviewed	6 months ended 30 September 2019 Unaudited	12 months ended 31 March 2020 Audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from / (utilised by) operations	A	1 341	(615)	2 337
Taxation paid		(153)	(70)	(239)
Net cash inflow generated from / (utilised by) operating activities		**1 188**	**(685)**	**2 098**
CASH FLOWS FROM INVESTING ACTIVITIES				
Finance income		10	21	23
Additions to property, plant and equipment		(232)	(120)	(538)
Expansion capital		-	*(36)*	*(322)*
Replacement and ongoing capital		*(161)*	*(57)*	*(116)*
Establishing new area under cane		-	-	*(31)*
Replanting of existing area under cane		*(71)*	*(27)*	*(69)*
Additions to intangible assets		(2)	(1)	(10)
Dividends received from associates		-	3	-
Proceeds on disposal of investments		-	8	8
Proceeds on liquidation of legacy pension fund		-	-	538
Proceeds on disposal of property, plant and equipment		14	10	45
Proceeds on disposal of business		220	-	-
Loans repaid by growers and key / strategic business partners		10	6	3
Net cash inflow / (outflow) from investing activities		**20**	**(73)**	**69**
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid:		(147)	(20)	(52)
To shareholders of Tongaat Hulett Limited		-	-	-
To non-controlling shareholders		*(147)*	*(20)*	*(52)*
Finance costs		(666)	(645)	(1 310)
Borrowings:		(180)	1 599	1 312
Raised		*1 973*	*7 085*	*13 217*
Repaid		*(2 153)*	*(5 486)*	*(11 905)*
Lease liabilities		(20)	(67)	(88)
Net cash (outflow) / inflow from financing activities		**(1 013)**	**867**	**(138)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**195**	**109**	**2 029**
Cash and cash equivalents at the beginning of the period		1 242	962	962
Foreign currency translation effect on cash and cash equivalents		(14)	(79)	164
Hyperinflation effect on cash and cash equivalents	10	(508)	(347)	(1 919)
Transfer (to) / from assets held for sale		(87)	5	6
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**828**	**650**	**1 242**

R' million	6 months ended 30 September 2020 Reviewed	6 months ended 30 September 2019 Unaudited	12 months ended 31 March 2020 Audited
A. CASH GENERATED FROM OPERATIONS			
Profit / (loss) for the period (including discontinued operation)	**491**	**(199)**	**530**
Adjusted for:			
Finance costs	1 167	948	1 946
Finance income	(78)	(54)	(269)
Share of profit of associate	(5)	(2)	(24)
Income tax	317	256	394
Net monetary loss	301	329	1 296
Operating profit	**2 193**	**1 278**	**3 873**
Adjusted for:			
Depreciation on property, plant and equipment and right-of-use assets	233	284	686
Amortisation of intangible assets	22	25	57
Impairment / (reversal of impairment) of property, plant, equipment and intangible assets	36	(1)	4
Allowance for expected credit losses	13	1	(56)
Loss / (profit) on disposal of property, plant and equipment and intangible assets	9	7	(6)
Profit on disposal of business	(183)	-	-
Movement in fair value of biological assets	525	(139)	(889)
Foreign exchange losses / (gains)	17	(1)	76
Share-based payments charge	(7)	9	16
Movement in provision for retirement benefit obligations	(32)	(2)	(62)
Deferred income (government grants) released to statement of profit or loss	(10)	(10)	(20)
Other non-cash items	28	27	13
Operating cash flows before movements in working capital	**2 844**	**1 478**	**3 692**
Working capital			
Movement in inventories	(2 175)	(1 992)	(380)
Movement in trade and other receivables and contract assets	(740)	(356)	(361)
Movement in trade and other payables and contract liabilities	1 450	287	(532)
Investment in development of land portfolio	(38)	(32)	(82)
Net movement in working capital	**(1 503)**	**(2 093)**	**(1 355)**
Cash generated from / (utilised by) operations	**1 341**	**(615)**	**2 337**

BASIS OF PREPARATION

Statement of compliance

The condensed consolidated interim financial statements of Tongaat Hulett Limited ("Tongaat Hulett" or the "Company") together with its subsidiaries ("the Group"), for the six months ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34 *Interim Financial Reporting* , the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa, 2008, as amended, and the JSE Limited Listings Requirements.

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 International Accounting Standards Board. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 31 March 2020 and any public announcements made by Tongaat Hulett during the interim reporting period.

The condensed consolidated interim financial statements are presented in South African Rand, which is Tongaat Hulett's functional and presentation currency, rounded to the nearest million. The accounting policies are presented in terms of IFRS and are consistent with those of the previous financial year and corresponding interim reporting period.

The condensed consolidated interim financial statements appearing in this announcement are the responsibility of the Board of Directors ("the Board"). The Board takes full responsibility for the preparation of the condensed consolidated interim financial statements. The condensed consolidated interim financial statements have been prepared under the supervision of Mr. R D Aitken CA (SA), Chief Financial Officer and were approved for issue by the Board on 11 December 2020.

Going concern

The Group's financial statements at and for the year ended 31 March 2020 were prepared on a going concern basis with disclosure of material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. These material uncertainties continue to remain relevant with the exception of the material uncertainty related to the disposal of the Company's starch and glucose business ("Starch Business") which became effective on 31 October 2020.

The Board believes that as of the date of this report, the presumption that the Group will continue in operation in the foreseeable future (which is defined as 12 months from the date of publishing these financial statements) is still appropriate and accordingly the financial statements at and for the 6 months ended 30 September 2020 have been prepared on the going concern basis taking into consideration the following:

Turnaround initiative

- The execution of the turnaround initiative continues to yield positive results, and this is demonstrated in the financial results for the 6 months ended 30 September 2020.
- The Group's continuing operations, excluding Zimbabwe which continues to be impacted by hyperinflation and currency dynamics, reported an operating profit of R378 million compared to an operating profit of R45 million for the 6 months ended 30 September 2019. In particular, the South African sugar operations improved operating profit by R537 million from a loss of R283 million in the previous comparable period to a profit of R254 million.
- Operating cash flows improved from an outflow of R615 million for the 6 months ended 30 September 2019 to an inflow of R1.341 billion in the current period. During the period under review, the cash flows attributable to the South African and Mozambican sugar segments improved by R878 million and R326 million respectively.
- Overall, the Group's earnings for the period increased by R542 million to R224 million (30 September 2019: loss of R318 million).

Solvency

- Whilst the Group's total liabilities of R20.2 billion exceeded its total assets of R18.1 billion at 30 September 2020, the net liability position of R2.1 billion is significantly improved from the net liability position at 30 September 2019 of R3.9 billion. The Group's current liabilities of R17.4 billion exceeded its current assets of R11.4 billion at 30 September 2020.
- The disposal of the Starch Business will return a once-off profit of approximately R4 billion which is likely to result in a positive net asset position for the Group.
- The fair value of the Group's assets (as determined by suitably qualified independent third parties) compared to the fair value of its liabilities, excluding the Starch Business and Eswatini operations, has been considered. There was significant headroom in the market value of the Group's landholdings compared to it's carrying amount, which has been sufficient to absorb the adverse economic impact of COVID-19 and a weak economic environment related to land sales.
- The Group's assets were also tested for impairment as part of the 31 March 2020 impairment process taking into consideration the possible impact of COVID-19, which continued to demonstrate that the fair value of the assets exceeded the fair value of its liabilities.

Liquidity

- Management continue to monitor cash flows and liquidity on a daily basis across the Group, with oversight from the Board. This daily monitoring incorporates projections for the ensuing twelve months, and is used to initiate actions to optimise liquidity and minimise risks timeously.
- Cash flow forecasts indicate sufficient access to cash resources for the foreseeable future taking into consideration the availability of seasonal capital working facilities to cover any shortfall during the inventory build-up period of the sugar season, the likelihood of achieving debt reduction initiatives and the cash flows generated from the operations.
- A key assumption supporting the liquidity is that the cash outflows relating to the infrastructure obligations to complete the various development precincts are largely self-funding from future sales of sites within those precincts.

BASIS OF PREPARATION (continued)

Going concern (continued)

Achievement of South African debt reduction milestones

- The disposal of the Starch Business, which formed the anchor of the Group's debt reduction plan and which became effective on 31 October 2020, has contributed R4.6 billion towards reducing debt levels. An amount of R450 million has been paid into an escrow account to cater for the possibility of claims being made by the purchaser against the Company under the warranties or other provisions of the sale and purchase agreement.
- The disposal of Tambankulu Estates Proprietary Limited ("Tambankulu"), which represents the Eswatini sugarcane farming operation, became effective on 1 December 2020 and proceeds of R389 million have been received to date and have been applied to reduce debt.

The cumulative debt reduction milestone for 31 December 2020 as per the Common Terms Agreement has been met and is detailed below:

Debt Reduction Transaction (R' million)	**Signed Debt Reduction Agreements** [1]	**Debt Reduction Proceeds Received**	**Debt Reduction Proceeds to be received by 31 March 2021**	**Debt Reduction Proceeds to be beyond 31 March 2021**
Liquidation of the Tongaat Hulett Defined Benefit Pension Fund	512	512	-	-
Liquidation of the Tongaat-Hulett Pension Fund [2]	148	-	148	-
Disposal of Namibian packing operation	111	111	-	-
Disposal of Starch Business [3]	5 091	4 641	-	450
Disposal of Tambankulu [4]	431	389	42	-
Disposal of various landholdings	107	107	-	-
Total achieved to date	**6 400**	**5 760**	**190**	**450**
Cumulative 31 December 2020 milestone	**6 000**	**5 500**		

1 The amount related to the Signed Debt Reduction Agreements is determined with reference to the actual (or latest estimate) of sales proceeds and adjusted, where applicable, for the closing working capital and debt position. A further deduction is made for any transaction costs incurred or any other obligation assumed in terms of the sale agreement.

2 The voluntary dissolution of the Tongaat-Hulett Pension Fund has been published in the Government Gazette and, provided no queries are received, will be complete by 31 January 2021.

3 The proceeds from disposal of the Starch Business has been based on the agreed 31 October 2020 closing accounts. An amount of R450 million is held in in escrow until 1 November 2021.

4 The proceeds from the disposal of the Eswatini operations are subject to working capital and capital expenditure adjustments that are estimated to be R42 million, and will be received in January 2021.

Ability to achieve future South African debt reduction default milestones

- The next default milestone of the debt reduction glidepath is to collect a cumulative R6 billion in debt reduction proceeds by 31 March 2021. The achievement of this milestone is dependent on the Company receiving the R193 million proceeds outstanding from the signed debt reduction transaction, including the R148 million proceeds on liquidation of the Tongaat-Hulett Pension Fund and the final payments from the closing of the disposal of Tambankulu of R42 million. This would bring the cumulative cash received to R5.950 billion with the remaining R50 million expected to be collected from concluding land sales that are in progress.

Debt Reduction Transaction (R' million)	**Signed Debt Reduction Agreements**	**Debt Reduction Proceeds Received**
Total achieved to date (as per above)	**6 400**	**5 760**
Collection of outstanding proceeds from signed debt reduction agreements		
Liquidation of the Tongaat-Hulett Pension Fund		148
Disposal of Tambankulu		42
Further debt reduction agreements to be concluded		
Disposal of various landholdings	50	50
Total expected to be achieved by 31 March 2021	**6 450**	**6 000**
Cumulative 31 March 2021 milestone	8 100	6 000
Shortfall - Relative to March 2021	**1 650**	**0**
Cumulative 30 September 2021 milestone	8 100	8 100
Shortfall - Relative to September 2021	**1 650**	**2 100**

- The final two milestones of the debt reduction glidepath requires the Company to sign agreements in respect of a further R1.65 billion in debt reduction transactions by 31 March 2021, and to collect the proceeds of R2.1 billion from all completed transactions by 30 September 2021. The achievement of these two milestones is dependent on the recovery of the majority of the proceeds on disposal of the Starch Business that are held in escrow, and the conclusion of two transformational partnerships in respect of the Group's South African sugar operations and the Group's landholdings. As a result, there is some degree of execution risk with respect to timing, particularly with the COVID-19 pandemic and resultant lockdown restricting the ability of bidders to perform site visits and conclude due diligence processes. Despite time pressures, all debt reduction initiatives continue to be progressed in an orderly and responsible manner so as to preserve value for all the stakeholders of the Group.

BASIS OF PREPARATION (continued)

Going concern (continued)

- The first transformational partnership, referred to as "MillCo", is aimed at establishing a vertically integrated, well-structured and competitive sugar business on the KwaZulu-Natal north coast. The business will potentially mill, refine and market sugar and associated products, with the intention that equity be held by farmers, amongst others. The partnership is expected to generate proceeds for Tongaat Hulett, as well as additional funding for growth capital expenditure within MillCo. While the lockdown has slowed down due diligence processes for the project, MillCo continues to attract a range of participants wanting to participate. The engagement has currently been paused to allow resolution of differences between the parties in relation to the valuation of the proposed assets. These differences have introduced an increased risk of concluding a sale agreement in respect of the transaction before the 31 March 2021 debt reduction milestone date. The empowerment participation of small-scale growers in the South African sugar business, in line with the Sugar Master Plan recently published by the South African Government, continues to be developed. The company is also exploring various alternatives in respect of specific assets of the South African sugar milling business (e.g. the refinery and Voermol assets).
- The second initiative, referred to as "PropCo", falls within the property and land portfolio, where good progress is being made on establishing a separate entity with other co-investors for our property portfolio. The PropCo initiative may involve the sale of an equity stake to single or multiple parties. Despite delays caused by the COVID-19 lockdown, the PropCo transaction continues to be progressed. Due diligence processes are ongoing and current interactions are focussed on understanding the bidder's approach to the valuation of the portfolio. In parallel to the PropCo transaction, the outright sale of a portion of the residential and long-dated properties is being pursued.
- Lastly, the Company intends to apply any portion of the R450 million released from the escrow account (as a result of the Starch Business) to reduce debt. Any remaining balance still held in the escrow account in respect of the disposal of the Starch Business will be released to the Company on 1 November 2021, unless there are still outstanding claims made by the purchaser at that time. If there are outstanding claims at that time, then a portion of the monies held in escrow must be retained in escrow until finalisation of those claims, whereafter any remaining balance will be released to the Company. There are various limitations of liability provisions in the sale and purchase agreement which limit the purchasers' ability to bring claims against the Company (and so limit the ability of the purchaser to claim monies held in the escrow account). These include a provision preventing the purchaser from bringing claims against the company arising out of matters covered by a "warranty and indemnity' insurance policy which has been taken out by the purchaser to the extent that the associated loss is covered by that policy, and a provision preventing the purchaser from bringing claims against the Company unless each individual claim exceeds 0.2% of the purchase price (c. R10 million) and, additionally, those claims in total exceed 2% of the purchase price (c. R100 million).

- A summary of the proposed transactions being progressed to make up the shortfall are as follows:

Debt Reduction Transaction (R' million)	**Signed Debt Reduction Agreements**	**Debt Reduction Proceeds Received**
Proposed transactions		
South African sugar operations	1 000	1 000
Property transactions	1 500	1 500
Disposal of Starch Business (escrow)		450
Proposed transactions	**2 500**	**2 950**
Shortfall relative to 30 September 2021 (per the above)	1 650	2 100
Surplus to requirements	**850**	**850**

- If the Group misses a milestone, the pricing of the outstanding debt increases and as such, there is a strong emphasis on adhering to the agreed milestones, or if not possible, ensuring that missed milestones are caught up timeously. To the extent that there is a likelihood that the 31 March 2021 debt reduction milestone will not be met, the Company will approach the South African lenders before such date to renegotiate the applicable terms of the Common Terms Agreement. The Company believes that the South African lenders will continue to support the Group given the significant de-gearing to date that has been concluded under challenging circumstances. The above transactions continue to be progressed by the Company and an equity capital raise still remains an option to reduce debt to an acceptable level.

South African debt facilities

- Subject to certain conditions, the contractual maturities of Senior Facility C and Senior Facility D (totalling R600 million) have been extended to 31 March 2022.
- The contractual maturities of Senior Facility A and Senior Facility B have been extended to 30 September 2021, which is less than 12 months from the date these financial statements. Management is in the process of preparing a proposal to refinance the facilities before they mature and will approach the South African lenders in due course. The South African lenders have continued to be supportive as the Company works towards reducing debt to an acceptable level.
- At the date of releasing these financials statements, there had been no breach of covenants.

Mozambique debt facilities

- In Mozambique, the standstill agreement in respect of debt owed to lenders of the Mozambique operations continues to remain in effect until 30 June 2021. The parties have in-principle agreed a debt restructuring term sheet and certain lenders have obtained credit approval in support thereof. Long form agreements to give effect to the debt restructure have been drafted and are currently with the Mozambique lenders for review and consideration. The Company is targeting to conclude the debt restructure by 31 January 2021.
- As a result of the turnaround initiative, the Mozambique sugar operations recorded an Adjusted EBITDA of R342 million for the 6 months ended 30 September 2020, compared to R280 million in the previous year. The improved operational and financial performance, with some assistance from a weaker exchange rate, has resulted in debt reducing from R1.06 billion at 30 September 2019 to R753 million.

1. 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.
STARCH OPERATIONS	Manufacturer of starch and glucose products in South Africa, supplying some of the largest local and multinational customers operating in key food and industrial sectors.
PROPERTY	Conversion 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 and commercial 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 and the classification of the starch and glucose operation as discontinued, the CODM reviews the financial performance and position of the Group both with and without the results of these two operations. Consequently, additional subtotals have been included in the segment report. Furthermore, with the adoption of IFRS 16 *Leases* and an additional investment in lease incentives during the previous financial year, the definition of segment assets has been expanded to include right-of-use assets and 'other non-current assets' excluding the pension fund employer surplus account.

Business segments

6 months ended 30 September 2020 Reviewed R' million	**Continuing Operations**											**Discontinued Operations**	
	Sugar Operations												
	South Africa	**Mozambique**	**Other SADC[1]**	**Total Sugar Operations - excluding Zimbabwe**	**Zimbabwe**	**Total Sugar Operations**	**Property**	**Corporate**	**Inter-segment [2]**	**Total Continuing Operations**	**Total Continuing Operations - excluding Zimbabwe**	**Starch**	**Total - including Zimbabwe**
Segment revenue	**3 531**	**1 214**	**672**	**5 417**	**3 075**	**8 492**	**53**	**-**	**(297)**	**8 248**	**5 239**	**1 981**	**10 229**
External customers	*3 324*	*1 190*	*672*	*5 186*	*3 009*	*8 195*	*53*	*-*	*-*	*8 248*	*5 239*	*1 981*	*10 229*
Inter-segment	*207*	*24*	*-*	*231*	*66*	*297*	*-*	*-*	*(297)*	*-*	*-*	*-*	*-*
Operating profit	**254**	**59**	**281**	**594**	**1 532**	**2 126**	**(47)**	**(169)**	**-**	**1 910**	**378**	**283**	**2 193**
Depreciation and amortisation	79	91	5	**175**	78	**253**	1	1	-	**255**	**177**	-	**255**
EBITDA [3]	**333**	**150**	**286**	**769**	**1 610**	**2 379**	**(46)**	**(168)**	**-**	**2 165**	**555**	**283**	**2 448**
Non-trading items - loss / (profit) [4]	-	36	(183)	**(147)**	-	**(147)**	-	-	-	**(147)**	**(147)**	-	**(147)**
Fair value adjustments to biological assets	6	156	47	**209**	316	**525**	-	-	-	**525**	**209**	-	**525**
Adjusted EBITDA [5]	**339**	**342**	**150**	**831**	**1 926**	**2 757**	**(46)**	**(168)**	**-**	**2 543**	**617**	**283**	**2 826**
Segment assets [6]	**3 473**	**2 898**	**347**	**6 718**	**5 201**	**11 919**	**1 514**	**74**	**-**	**13 507**	**8 306**	**2 544**	**16 051**
Segment cash flows [7]	**217**	**600**	**148**	**965**	**781**	**1 746**	**(83)**	**(295)**	**-**	**1 368**	**587**	**(233)**	**1 135**
Capital expenditure [8]	**(55)**	**(54)**	**(10)**	**(119)**	**(376)**	**(495)**	**(1)**	**(9)**	**-**	**(505)**	**(129)**	**(43)**	**(548)**
Expansion	*-*	*(44)*	*-*	*(44)*	*(309)*	*(353)*	*-*	*-*	*-*	*(353)*	*(44)*	*-*	*(353)*
Ongoing	*(45)*	*(10)*	*(10)*	*(65)*	*(67)*	*(132)*	*(1)*	*(9)*	*-*	*(142)*	*(75)*	*(43)*	*(185)*
Intangible assets	*(10)*	*-*	*-*	*(10)*	*-*	*(10)*	*-*	*-*	*-*	*(10)*	*(10)*	*-*	*(10)*

1. SEGMENTAL REPORTING (continued)

Business segments (continued)

	Continuing Operations											Discontinued Operations	
6 months ended 30 September 2019	**Sugar Operations**												
Unaudited R' million	**South Africa**	**Mozambique**	**Other SADC[1]**	**Total Sugar Operations - excluding Zimbabwe**	**Zimbabwe**	**Total Sugar Operations**	**Property**	**Corporate**	**Inter-segment [2]**	**Total Continuing Operations**	**Total Continuing Operations - excluding Zimbabwe**	**Starch Operations**	**Total - including Zimbabwe**
Segment revenue	**2 662**	**909**	**778**	**4 349**	**1 600**	**5 949**	**425**	**-**	**(390)**	**5 984**	**4 407**	**2 101**	**8 085**
External customers	*2 295*	*909*	*778*	*3 982*	*1 577*	*5 559*	*425*	*-*	*-*	*5 984*	*4 407*	*2 101*	*8 085*
Inter-segment	*367*	*-*	*-*	*367*	*23*	*390*	*-*	*-*	*(390)*	*-*	*-*	*-*	*-*
Operating profit	**(283)**	**122**	**88**	**(73)**	**928**	**855**	**243**	**(125)**	**-**	**973**	**45**	**305**	**1 278**
Depreciation and amortisation	90	100	8	**198**	50	**248**	-	-	-	**248**	**198**	61	**309**
EBITDA [3]	**(193)**	**222**	**96**	**125**	**978**	**1 103**	**243**	**(125)**	**-**	**1 221**	**243**	**366**	**1 587**
Non-trading items - loss / (profit) [4]	7	(1)	-	**6**	-	**6**	-	-	-	**6**	**6**	-	**6**
Fair value adjustments to biological assets	30	59	33	**122**	(261)	**(139)**	-	-	-	**(139)**	**122**	-	**(139)**
Adjusted EBITDA [5]	**(156)**	**280**	**129**	**253**	**717**	**970**	**243**	**(125)**	**-**	**1 088**	**371**	**366**	**1 454**
Segment assets [6]	**3 923**	**3 375**	**445**	**7 743**	**3 112**	**10 855**	**1 821**	**32**	**-**	**12 708**	**9 596**	**2 231**	**14 939**
Segment cash flows [7]	**(661)**	**274**	**108**	**(279)**	**(16)**	**(295)**	**(346)**	**(135)**	**-**	**(776)**	**(760)**	**100**	**(676)**
Capital expenditure [8]	**11**	**57**	**7**	**75**	**20**	**95**	**-**	**9**	**-**	**104**	**84**	**26**	**130**
Expansion	*-*	*36*	*-*	*36*	*-*	*36*	*-*	*-*	*-*	*36*	*36*	*-*	*36*
Ongoing	*10*	*21*	*7*	*38*	*20*	*58*	*-*	*9*	*-*	*67*	*47*	*26*	*93*
Intangible assets	*1*	*-*	*-*	*1*	*-*	*1*	*-*	*-*	*-*	*1*	*1*	*-*	*1*

Notes:

1. Other SADC operations include a sugarcane estate in Eswatini as well as the sugar packing and distribution operations in Botswana and Namibia. The Namibian operation was sold with effect from 1 July 2020.

2. 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 R66 million (2019: R23 million) is disregarded from the sub-total.

3. 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.

4. In the context of the Group, non-trading items are 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).

5. 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.

6. Segment assets represent total assets, adjusted to exclude deferred tax assets, current tax assets, cash and cash equivalents and derivative financial instruments. Segment assets excludes the pension fund employer surplus account included under "other non-current assets". Segment assets specifically includes assets classified as held for sale, with the same definition and exclusions.

7. 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).

8. Capital expenditure comprises additions to property, plant and equipment (including cane roots) as well as intangible assets.

1. SEGMENTAL REPORTING (continued)

Seasonality effects on operating segments

Sugar

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 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.
- 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.

Starch

The financial results of the starch operations, being closely dependant on the maize harvesting season, are affected by seasonality as follows:

- Working capital requirements peak between June and August when maize is harvested by and purchased from private farmers.
- During the months from October through to November, sales volumes tend to be higher that other months to support the starch requirement of customers in various sectors ahead of the summer holiday period.

Reconciliation of segmental assets

R' million	30 September 2020	30 September 2019
Segment assets	**16 051**	**14 939**
Add: Excluded items	**2 013**	**1 739**
Deferred tax assets	685	214
Pension Fund Employer Surplus Account	274	812
Current tax assets	114	59
Held-for-sale (Cash, Deferred Tax & Derivatives)	104	4
Derivative instruments	8	-
Cash and cash equivalents	828	650
Total assets	**18 064**	**16 678**

Reconciliation of segmental cash flows

	Total		Discontinued Operations	
R' million	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Segment cash flows	**1 135**	**(676)**	**(233)**	**100**
Add: Excluded items	**(940)**	**785**	**238**	**(108)**
Taxation paid	(153)	(70)	(110)	(81)
Finance income	10	21	1	1
New capital - expansion	-	(36)	-	-
Net cash outflow from financing activities including net finance costs and dividends	(1 017)	870	347	(28)
Proceeds on disposal of business	220	-	-	-
Net increase in cash and cash equivalents	**195**	**109**	**5**	**(8)**

2. BIOLOGICAL ASSETS

R' million	31 March 2020 Audited	Changes in fair value: Gain/(loss) arising from physical growth	Changes in fair value: Gain arising from price changes	Changes in fair value: Gain/(loss) arising from changes in area actively farmed	Other movements in fair value	Foreign currency translation, including the effect of hyperinflation	Transfer to 'Assets classified as held for sale'	30 September 2020 Reviewed	30 September 2019 Unaudited
Livestock and Orchards	52	-	(5)	-	(4)	(11)	(2)	30	37
Standing Cane	2 520	(543)	139	(79)	(33)	(459)	(75)	1 470	1 270
Total	**2 572**	**(543)**	**134**	**(79)**	**(37)**	**(470)**	**(77)**	**1 500**	**1 307**

Further information

The Group's growing crops consist overwhelmingly of standing cane (i.e. sugarcane that is growing in the field). The cane roots (i.e. bearer plant) from which the standing cane grows is accounted for in Property, Plant and Equipment. Incidental to its core operations, the Zimbabwe operation has a cattle ranching business with a livestock population of approximately 6,000 heads. In addition, the Zimbabwe operation has a small citrus fruit business. The fair value livestock is determined with reference to prevailing market prices and on 30 September 2020 had a carrying amount of R30 million (September 2019: R32 million). At 30 September 2020, the fruit orchards had a carrying amount of R1 million (September 2019: R5 million).

In South Africa, the strategic decision to downscale the extent of its farming operations and lease the Company's land to third party sugarcane farmers has resulted in a reduction in the assumption of the hectares to be harvested. In Mozambique, the hectares to be harvested declined as certain leased-in farms (where the lease had run its course) were returned to private growers as part of a long-standing supplier development initiative.

A project, in partnership with the Government of Zimbabwe, to expand the area under sugarcane by some 4,000 hectares is being implemented by the Group through the 'The Lowveld Sugarcane Development Trust'. As at 30 September 2020, approximately 2,657 hectares (September 2019: 2,404 and March 2020: 2,657 hectares) of land has been cleared in preparation for planting, of which 562 hectares (September 2019: 67 hectares and March 2020: 393 hectares) has been planted.

Encumbrances

Biological assets in South Africa with a carrying value of R129 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. Prior 10 December 2019, being the conclusion of the debt restructure, none of the Group's biological assets were encumbered.

Standing cane

Standing cane is measured at fair value which is determined using unobservable inputs (namely, yield of the standing cane and prices) and is categorised as Level 3 under the fair value hierarchy. The fair value of standing cane is determined by estimating the growth of the cane, an estimate of the yield of the standing cane, sucrose content, selling prices, less costs to harvest and transport, over-the-weighbridge costs and costs into the market as at the end of the reporting period. Changes in the fair value are included in profit or loss, with a loss of R516 million (2019: R122 million benefit) 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.

The assumptions for the key unobservable inputs used in determining fair value of growing crops as at 30 September 2020 and 30 September 2019, are as follows:

	South Africa 2020	South Africa 2019	Swaziland 2020	Swaziland 2019	Zimbabwe 2020	Zimbabwe 2019	Mozambique 2020	Mozambique 2019
Hectares for harvest	6 645	13 268	1 364	1 466	11 718	11 384	6 109	7 496
Standing cane value (Rand per hectare)	19 468	15 376	55 267	51 412	98 032	68 586	31 469	28 012
Yield (tons cane per hectare)	55,95	55,09	119,21	126,46	106,76	108,85	77,04	79,14
Average maturity of cane as at 30 September (%)	48,5%	57,7%	35,7%	38,5%	51,7%	47,9%	35,2%	38,3%
Sugarcane tons (equivalent)	371 784	730 928	162 648	185 452	1 250 933	1 239 143	470 662	593 219
Sugarcane price per ton (Rand)	348	279	464	407	918	630	408	354
Sucrose price per ton (Rand)	3 125	2 501	3 707	4 246	7 346	5 070	3 582	2 990
Carrying amount as at 30 September (R' millions)	129	204	75	75	1 149	781	192	210
Changes in fair value during the 6 month period ended 30 September (R' millions)	(6)	(30)	(47)	(33)	(308)	244	(156)	(58)

3. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

On 28 February 2020, Tongaat Hulett entered into a sale and purchase agreement to dispose of its starch and glucose business ("Starch Business") to KLL Group Proprietary Limited (“KLL Group”), a wholly-owned subsidiary of Barloworld Limited. The Starch Business is the largest wet miller in Sub-Saharan Africa, operating four wet milling plants located at Germiston, Kliprivier and Meyerton in Gauteng, and Bellville in the Western Cape. The disposal was undertaken to reduce the Group’s debt to more sustainable and manageable levels in line with its debt reduction strategy. The business was sold as a going concern for a purchase consideration of R5.35 billion with adjustments to be made for borrowings, normalised working capital and post-retirement benefits (to be retained by Tongaat Hulett). The purchase consideration would not exceed R5.35 billion and would be paid in cash, with R450 million held in an escrow account for twelve months after closing. The disposal was subject to a number of suspensive conditions, one of which is that no material adverse change ("MAC") has occurred. In May 2020 and again in August 2020, KLL Group issued a notice indicating that, in their opinion, the impact of COVID-19 has resulted in the occurrence of a MAC. Ultimately, the matter was referred to an independent expert, Rothschild and Co South Africa (Proprietary) Limited, for determination. On 21 September 2020, the independent expert ruled that a MAC had not occurred. Subsequent to the ruling, the remaining suspensive conditions were fulfilled and the transaction became effective on 31 October 2020. At 30 September 2020, the Starch Business continued to be classified as held for sale and is disclosed as a discontinued operation.

On 17 June 2020, Tongaat Hulett and its wholly-owned subsidiary Format Development Corporation Limited entered into a share purchase agreement with Eswatini's Public Service Pensions Fund ("EPSPF"), pursuant to which EPSPF would acquire all of the shares and shareholder claims in Tambankulu Estates Proprietary Limited ("Tambankulu"). Tambankulu is the largest independent sugarcane farmer in Eswatini, comprising two agricultural estates situated alongside the Black Umbuluzi Rover in north eastern Eswatini. Tambankulu has 3 800 hectares of fully irrigated farmland and produces approximately 450 000 tons of sugarcane annually. All the suspensive conditions in the agreement were fulfilled on 4 November 2020 and the effective date for the transaction was 1 December 2020. The initial purchase consideration of R375 million was paid in cash on the effective date and was used to reduce the Group's South African borrowings in line with its debt reduction plan. Adjustments to the purchase price for normalised working capital, capital expenditure and investment disposal proceeds should be finalised by 31 January 2021. The contribution of Tambankulu to operating profit for the six months ended 30 September 2020 was R29 million (30 September 2019: R40 million). While Tambankulu was classified as held for sale, it has not been disclosed as a discontinued operation as it is not considered to be a major separate geographical area of operations.

In November 2019, the Group entered into a sale of business agreement to dispose of the entire sugar packaging and distribution business of Tongaat Hulett (Namibia) (Proprietary) Limited (“TH Namibia”) to Bokomo Namibia (Proprietary) Limited ("Bokomo"). The Group’s effective shareholding in TH Namibia was 51%. All the suspensive conditions, the last of which was the approval of the transaction by the Namibian Competition Commission, were fulfilled during the period and the effective date of the disposal was 1 July 2020. The Group’s share of the purchase consideration of R112 million was received on 1 July 2020 and was used to reduce the Group's South African borrowings in line with its debt reduction plan. The post-closing working capital adjustment of R15 million in favour of Bokomo had not been settled at 30 September 2020. The contribution of TH Namibia to operating profit for the six months ended 30 September 2020 was R10 million (30 September 2019: R15 million) and the profit on disposal was R183 million, of which R93 million was the Group's share. While TH Namibia was classified as held for sale, it has not been disclosed as a discontinued operation as it is not considered to be a major separate geographical area of operations.

The following table presents details of the assets and liabilities that have been classified as held for sale as at 30 September 2020, 30 September 2019 and 31 March 2020.

	30 September 2020 Reviewed			30 September 2019 Unaudited	31 March 2020 Audited		
R' million	Starch Business (Starch segment)	Tambankulu (Other SADC segment)	Total	TH Namibia (Other SADC segment)	Starch Business (Starch segment)	TH Namibia (Other SADC segment)	Total
Assets classified as held for sale							
Property, plant and equipment	911	98	1 009	7	868	6	874
Right-of-use assets	21	-	21	-	24	1	25
Goodwill	-	-	-	8	-	6	6
Intangible assets	41	6	47	-	41	-	41
Deferred tax assets	-	-	-	-	1	-	1
Inventories	878	6	884	32	482	82	564
Biological assets	-	77	77	-	-	-	-
Trade and other receivables	693	29	722	41	564	35	599
Derivative financial instruments	15	-	15	-	23	4	27
Cash and cash equivalents	-	89	89	4	-	2	2
Total assets of disposal groups classified as held for sale	**2 559**	**305**	**2 864**	**92**	**2 003**	**136**	**2 139**
Liabilities directly associated with assets classified as held for sale							
Deferred tax liabilities	183	37	220	1	174	2	176
Lease liabilities	24	-	24	-	26	1	27
Borrowings	715	-	715	-	227	34	261
Trade and other payables	455	57	512	25	418	43	461
Derivative financial instruments	-	-	-	-	3	-	3
Current tax liabilities	4	19	23	-	5	2	7
Total liabilities of disposal groups classified as held for sale	**1 381**	**113**	**1 494**	**26**	**853**	**82**	**935**
Net assets	**1 178**	**192**	**1 370**	**66**	**1 150**	**54**	**1 204**

3. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE (continued)

Discontinued operations - financial performance and cash flow information

The financial performance of the Starch Business for the six months ended 30 September 2020 and 30 September 2019 and for the twelve months ended 31 March 2020:

R' million	30 September 2020 Reviewed	30 September 2019 Unaudited	31 March 2020 Audited
Revenue	1 981	2 101	4 274
Cost of sales	(1 534)	(1 658)	(3 329)
Gross profit	**447**	**443**	**945**
Marketing and selling expenses	(26)	(5)	(49)
Administrative and other expenses	(142)	(139)	(287)
Other operating income	4	6	7
Operating profit	**283**	**305**	**616**
Net finance costs	(36)	(39)	(57)
Profit before tax	**247**	**266**	**559**
Taxation	(76)	(76)	(166)
Profit from discontinued operations	**171**	**190**	**393**
Other comprehensive income for the year, net of tax	22	9	-
Total comprehensive income for the year from discontinued operations	**193**	**199**	**393**

The cash flow of the Starch Business for the six months ended 30 September 2020 and 30 September 2019 and for the twelve months ended 31 March 2020:

R' million	30 September 2020 Reviewed	30 September 2019 Unaudited	31 March 2020 Audited
Net cash inflow generated from operating activities	(313)	84	481
Net cash outflow from investing activities	(40)	(26)	(43)
Net cash outflow from financing activities	358	(66)	(49)
Net increase in cash and cash equivalents	**5**	**(8)**	**389**

4. BORROWINGS

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

R' million	Currency	Interest rate range (6 months to 30 September 2020)	31 March 2020 Audited	Capital Raised	Capital Repaid	Non-Monetary Gain	Effects of Foreign Currency	Amortisation of debt raising costs and other	30 September 2020 Reviewed	30 September 2019 Unaudited
Borrowings in functional currency										
Secured borrowings at amortised cost										
Senior term loan	ZAR	1 month JIBAR plus 4.23% - 4.60%	8 592	-	-	-	-	-	8 592	-
Senior revolving credit loan	ZAR	1 month JIBAR plus 4.71% - 5.13%	1 550	-	(300)	-	-	-	1 250	-
Seasonal senior revolving credit loan	ZAR	1 month JIBAR plus 4.79% - 5.11%	-	553	-	-	-	-	553	-
Seasonal senior term loan	ZAR	1 month JIBAR plus 3.27% - 3.55%	-	47	-	-	-	-	47	-
Term loan	MZN	Lower of MZ prime rate less 2.00% and 16.00%	602	-	(21)	-	(87)	-	494	-
Sale and leaseback obligation	MZN	41.10% - 53.40%	-	91	(14)	-	(5)	-	72	-
General short-term	ZAR	7,00% - 8,00%	-	97	-	-	-	-	97	-
Other short-term	MZN	16.00% - 19.50%	93	-	(85)	-	(8)	-	-	732
Short-term liquidity	MZN	MZ prime rate less 0.5%	182	-	(168)	-	(14)	-	-	-
Trade finance - Maize	ZAR	4.90% - 7.00%	-	-	-	-	-	-	-	528
Trade finance - Sugar	ZAR	None	775		(775)	-	-	-	-	-
Project finance	ZWL	33.00% - 57.00%	95	7	-	(42)	(21)	-	39	-
Unsecured borrowings at amortised cost										
Term loans	ZAR	3 month JIBAR plus 2.00% - 3.05%	-	-	-	-	-	-	-	3 230
Bonds	ZAR	3 month JIBAR plus 2.60% - 2.85%	-	-	-	-	-	-	-	1 100
Development finance	ZAR	3 month JIBAR plus 0.50% - 2.70%	-	-	-	-	-	-	-	662
General short-term	ZAR	8.00% - 9.75%	-	-	-	-	-	-	-	5 904
Other short-term	MZN	12.50% - 15.90%	467	-	(132)	-	(59)	-	276	532
General short-term	ZWL	36.50% - 64.00%	14	76	(17)	(27)	(3)	-	43	21
Tongaat Hulett Pension Fund 2010	ZAR	6.73%	108	4	(3)	-	-	-	109	143
			12 478	**875**	**(1 515)**	**(69)**	**(197)**	**-**	**11 572**	**12 852**
Borrowings not in functional currency										
Secured borrowings at amortised cost										
Term loan (Zimbabwe)	USD	3 month US LIBOR plus 7.5%	-	186	(1)	(59)	(9)	-	117	-
Term loan (Mozambique)	ZAR	3 month JIBAR plus 3.3%	-	-	-	-	-	-	-	31
Unsecured borrowings at amortised cost										
Term loans (Zimbabwe)	USD	3 month US LIBOR plus 4.5%	121	3	(177)	(42)	95	-	-	110
General short-term (Mozambique)	USD	3 month US LIBOR plus 5.5%	85	18	(16)	-	(6)	-	81	-
			206	**207**	**(194)**	**(101)**	**80**	**-**	**198**	**141**
Unamortised transaction costs relating to the South African senior facilities			**(88)**	-	-	-	-	44	**(44)**	-
Total borrowings			**12 596**	**1 082**	**(1 709)**	**(170)**	**(117)**	**44**	**11 726**	**12 993**
Categorised as follows:										
Current			12 439						11 625	12 993
Non-current			157						101	-
			12 596						**11 726**	**12 993**

4. BORROWINGS (continued)

South Africa

Restructured senior debt facilities

The restructured senior debt facilities that became effective on 10 March 2020 are governed by a Common Terms Agreement (“CTA”) concluded between the Group and the ten respective lenders ("the SA Lender Group”) 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 new 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 SA Lender Group is bound by an inter-creditor agreement that governs their relationship.

Management acknowledged that COVID-19 may delay debt reduction transactions and cause pressure on the debt reduction milestones, particularly in light of the dispute with KLL Group over the existence of a material adverse change in the Starch Business. Consequently, management engaged in negotiations to restate and amend certain terms of the CTA and the facility agreements. A credit approved short-from term sheet was agreed with the SA Lender Group and signed on 31 July 2020. The long-form debt restructure agreements were signed on 4 November 2020. The material changes of the restated and amended CTA and facility agreements are summarised below.

<table>
<tr><th></th><th>Facility A</th><th>Facility B</th><th>Facility C</th><th>Facility D</th></tr>
<tr><td>Repayment date (maturity date)</td><td>Extended to 30 September 2021 (from 31 March 2021)</td><td>Extended to 30 September 2021 (from 31 March 2021)</td><td colspan="2">Extended to 31 March 2022 (from 31 March 2021), subject to "Clean Down" provision</td></tr>
<tr><td>Clean Down provision</td><td>N/A</td><td>N/A</td><td colspan="2">Facility C and D shall be repaid in full by 31 March 2021. Repayment shall be made from the trade finance provided from the South African Sugar Association for the 2020/21 season or, if insufficient, from the Company's internally generated cash. Re-borrowing of Facility C or D will only be permitted after 31 May 2021 (the “Re-Availability Date”).
Re-borrowings remain subject to the conditions to utilisations included in the Facility C and D agreements (i.e. that the facilities are used for working capital purposes).
No re-borrowing will be permitted if the "MillCo" debt reduction transaction has been concluded by the Re-Availability Date.</td></tr>
<tr><td>Financial covenants</td><td colspan="4">The revised financial covenants applicable to the amended and restated debt facilities are:
<u>Minimum forward-looking EBITDA covenant</u>
Subject to headroom of 20%, and applicable to each Remaining Material South African Business[1] for each quarter ending on 30 September 2020, 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021:
● EBITDA for covenant setting purposes for the 6-month period ending on 30 September 2020 (to be provided to the facility agent on or before 31 August 2020);
● Forward-looking EBITDA for covenant setting purposes for the 3-month period ending on 31 December 2020 (to be provided to the facility agent on or before 30 September 2020);
● Forward-looking EBITDA for covenant setting purposes for the 3-month period ending on 31 March 2021 (to be provided to the facility agent on or before 31 December 2021);
● Forward-looking EBITDA for covenant setting purposes for the 3-month period ending on 30 June 2021 (to be provided to the facility agent on or before 31 March 2021); and
● Forward-looking EBITDA for covenant setting purposes for 3-month period ending on 30 September 2021 (to be provided to the facility agent on or before 30 June 2021).
<u>Minimum forward-looking free cash flow</u>
Subject to headroom of 20%, and applicable to each Remaining Material South African Business[1] for each quarter ending on 30 September 2020, 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021:
● Free cash flow for covenant setting purposes for the 6-month period ending on 30 September 2020 (to be provided to the facility agent on or before 31 August 2020);
● Forward-looking free cash flow for covenant setting purposes for the 3-month period ending on 31 December 2020 (to be provided to the facility agent on or before 30 September 2020);
● Forward-looking free cash flow for covenant setting purposes for the 3-month period ending on 31 March 2021 (to be provided to the facility agent on or before 31 December 2021);
● Forward-looking free cash flow for covenant setting purposes for the 3-month period ending on 30 June 2021 (to be provided to the facility agent on or before 31 March 2021); and
● Forward-looking free cash flow for covenant setting purposes for 3-month period ending on 30 September 2021 (to be provided to the facility agent on or before 30 June 2021).</td></tr>
<tr><td>Interest period</td><td colspan="4">The ability of the Company to elect the duration of any interest period (1 month vs 3 month) has been removed from the amended and restated CTA and related facility agreements. All interest periods for the facilities have been reduced to a period of 1 month.</td></tr>
<tr><td>Debt refinancing proposal</td><td colspan="4">Facility A and B outstanding amounts (the "Remaining Exposure") may be refinanced, provided that the Company submits a debt refinance proposal by no later than 30 June 2021. The re-borrowing of Facility C and D is subject to submission of this debt refinance proposal 15 business days before the required drawdown date. Any refinancing will be done by the SA Lenders Group at their sole and absolute discretion. Appropriate covenants may be considered by the SA Lender Group.</td></tr>
</table>

[1.] "Material South African Business" means the Company's South African sugar division (including Voermol animal feeds), its starch and glucose division, its property division and the Tongaat Hulett Developments Proprietary Limited business; and "Remaining Material South African Business" means any Material South African Businesses which have not, without taking away from any restriction of disposals in the CTA, been finally disposed of by a member of the South African Group as part of a Debt Reduction Transaction.

4. BORROWINGS (continued)

Restructured senior debt facilities (continued)

Repayment Milestones

The debt reduction milestones were re-negotiated and separate debt reduction milestones apply for the purposes of determining pricing under the facilities as well as the occurrence of a default under the restated and amended CTA, as follows:

Debt Reduction Milestones - Pricing

Milestone amounts to determine any pricing increases/decreases (including payment-in-kind interest) remain unamended and as set out in the milestone table below. However, milestone dates for the purposes of testing and calculating the prevailing interest rate of the facilities is amended to the last day of each calendar month so as to allow any pricing benefit to be realised earlier. Any adjustments to the prevailing interest rates apply prospectively only with effect from the applicable milestone date.

Pricing Milestone Date	Signed Debt Transaction Agreements (cumulative)	Debt Reduction Proceeds (cumulative)
30 November 2019	ZAR 500 000 000	ZAR 0
31 March 2020	ZAR 4 000 000 000	ZAR 0
30 June 2020	ZAR 6 000 000 000	ZAR 500 000 000
30 September 2020	ZAR 8 100 000 000	ZAR 4 000 000 000
31 December 2020	ZAR 8 100 000 000	ZAR 6 000 000 000
31 March 2021	ZAR 8 100 000 000	ZAR 8 100 000 000

Debt Reduction Milestones - Default

On each date in the table below (each a "Milestone Default Test Date"), the Company is required to have concluded signed debt reduction transaction agreements with cumulative debt reduction proceeds payable equal to or higher than the amount in the second column of the table below; and cumulative debt reduction proceeds equal to or higher than the amount in the third column. Failure to meet any debt reduction milestone on a test date will result in a default arising unless the Company applies remedial actions in respect of an equity capital raise.

Milestone Default Test Date	Signed Debt Transaction Agreements (cumulative)	Debt Reduction Proceeds (cumulative)
30 November 2019	ZAR 500 000 000	ZAR 0
31 March 2020	ZAR 4 000 000 000	ZAR 0
30 June 2020	ZAR 6 000 000 000	ZAR 500 000 000
31 December 2020	ZAR 6 000 000 000	ZAR 5 500 000 000
31 March 2021	ZAR 8 100 000 000	ZAR 6 000 000 000
30 June 2021	ZAR 8 100 000 000	ZAR 6 000 000 000
30 September 2021	ZAR 8 100 000 000	ZAR 8 100 000 000

Margins applicable at 30 September 2020

The margins below, as at 30 September 2020, include 4 downward interest rate ratchets and 2 upward interest rate ratchets. Following the closure of the disposal of the Starch Business on 31 October 2020, the number of downward interest ratchets increased to 5, while the number of upward interest rate ratchets reduced to 1.

	Facility A	Facility B	Facility C	Facility D
Interest Rate Margin	6.23%	6.79%	6.98%	5.23%

Starch facilities

Tongaat Hulett's two existing starch facilities used to fund maize purchases and working capital were restructured to formalise the security arrangements. The restructured starch facilities came into effect during May 2020 and the utilisation on these facilities at 30 September 2020 was R729 million (30 September 2019: R528 million). These facilities are directly associated with assets classified as held for sale these have been reclassified accordingly. Refer to Note 3. *Assets Held For Sale* .

South African Sugar Association trade finance

At the end of the sugar season (i.e. end of March), the South African Sugar Association advances funds to each of the sugar millers in respect of their "carry-over" sugar stocks (i.e. 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 customers and is typically settled in full within three months of the financial year.

Tongaat Hulett Pension Fund 2010

The Tongaat Hulett Pension Fund 2010, 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 of the Investec money market fund rate plus 0.75% and 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.

4. BORROWINGS (continued)

Ancillary facilities

Certain 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 R983 million are available, of which R663 million was utilised as at 30 September 2020.

Mozambique

The debt standstill agreement remains in effect until 30 June 2021, the Group continues to progress a debt restructure with the lenders. Further information is provided in Note 11 *Events Occurring After The Reporting Period* .

On 29 June 2020, the Group announced a sale and leaseback transaction whereby the Mozambican operations would dispose of their vehicle fleet to Unitrans Mozambique Limitada. An obligation of R91 million has been recognised and is repayable over the five year contractual lease term. The effective interest rate approximates 49% as the initial recognition of the obligation does not account for the Mozambican operations' contractual right to request certain vehicles to be replaced annually, before expiry of the lease term, with a corresponding reduction in the rental charge and the lease obligation. Consequently, over the five year period, the capital repayments to Unitrans will be lower than the initial obligation recognised.

Zimbabwe

At 30 September 2020, the Group's borrowings in Zimbabwe totalled R199 million (30 September 2019: R131 million), as set out below:

- Term loans totalled R117 million (30 September 2019: R110 million) and have remained flat in US Dollar terms at around USD 7 million. On 2 September 2020, Triangle Limited refinanced the outstanding term loan facility with an alternate lender. The new term loan facility of USD 7 million is repayable in monthly instalments up to and including November 2021. The loan bears interest at a floating rate of 3-month US LIBOR plus 7.5% (September 2019: 3-month US LIBOR plus 4.5%). The loan is secured by export trade receivables. While the interest rate is higher, the lender is able to support the Group through a more comprehensive banking relationship.
- Hippo Valley Estates Limited has an amount of R43 million owing on overdraft facilities (30 September 2019: R20 million) that are renewable annually and bear interest at fixed rates of between 36% and 64% (2019: 25.0% and 26.5%). The overdraft facilities are utilised to fund the entity's annual working capital requirements.
- The Lowveld Sugarcane Development Trust raised term loans to partially fund a 4,000 hectare expansion of the area under cane that supplies the Group's two sugar mills. The loans total R39 million (30 September 2019: nil) are repayable by 31 March 2024 and bear interest at fixed rates of between 33% and 57%.

5. REVENUE

The Group generates revenue primarily from the sale of land, sugar, starch, glucose and other related products. Revenue is derived from the transfer of goods and services over time and at a point in time in respect of the following:

R' million	30 September 2020 Reviewed	30 September 2019 Unaudited	31 March 2020 Audited
Revenue from contracts with customers is disaggregated below:			
Sugar operations			
South Africa	**3 324**	**2 295**	**5 294**
Sugar sales - local market	2 284	1 490	3 029
Sugar sales - export market	453	253	1 296
Molasses	99	92	169
Animal feeds	488	460	800
Zimbabwe	**3 009**	**1 577**	**6 035**
Sugar sales - local market	1 997	1 296	4 726
Sugar sales - export market	772	205	801
Ethanol	171	50	366
Molasses	46	18	83
Livestock and other	23	8	59
Mozambique	**1 190**	**909**	**1 657**
Sugar sales - local market	743	513	935
Sugar sales - export market	318	291	559
Refining fee	61	42	77
Molasses	68	63	86
Other SADC	**672**	**778**	**1 451**
Sugar sales - local market	472	595	1 217
Sugarcane sales	194	180	232
Livestock and other	6	3	2
Sub-total sugar operations	**8 195**	**5 559**	**14 437**
Land conversion and development	**53**	**425**	**945**
Township properties	6	333	529
Large land sales	30	27	316
Installation of basic services	17	65	100
Starch operations	**1 981**	**2 101**	**4 274**
Starch and glucose - local markets	1 384	1 476	3 036
Starch and glucose - export markets	252	259	493
Co-products	345	366	745
Total revenue	**10 229**	**8 085**	**19 656**
Less: revenue from discontinued operations	(1 981)	(2 101)	(4 274)
Total revenue from continuing operations	**8 248**	**5 984**	**15 382**
Timing of revenue recognition			
At a point in time	8 231	5 919	15 282
Over time	17	65	100
	8 248	**5 984**	**15 382**

To enhance disclosures, revenue has been further disaggregated to depict revenue from township property transactions, large land transactions, ethanol, starch co-products and export sales as separate categories. Accordingly, revenue for the 6 months ended 30 September 2019 has been reclassified.

6. TAXATION

The income tax 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 income tax expense is based on management's best estimate of the annual effective tax rate.

The effective tax rate (including discontinued operations) for the 6 months ended 30 September 2020 was 39.2% (September 2019: 449.1%). The effective tax rate exceeds the South African statutory tax rate of 28% mainly due to the non-deductible net monetary loss of R301 million (September 2019: R329 million) arising from the hyperinflation accounting. If the net monetary loss were excluded, the effective tax rate would be 28.6% (September 2019: 66.3%). Other material items that impact the effective tax rate in the current period are the capital profit on disposal of TH Namibia (-7.2%), the differential in foreign tax rates (-5.4%), withholding tax incurred on dividends and management fees (+5.6%), disallowed interest on funding provided into Mozambique (+5.7%) and asset impairments in Mozambique (+1.3%).

At 31 March 2020, the Group has estimated tax losses of R4,959 billion of which R3,802 billion is available to the Company and will be used to offset the taxable capital gain on the disposal of the Starch Business. Where uncertainty as to whether these losses will be utilised within the next 3 years remains, a deferred tax asset has not been recognised.

There have been no material changes, during the 6 months to 30 September 2020, to the Group's estimates of tax losses, both recognised and unrecognised tax assets, and any uncertain tax positions.

7. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE

Basic earnings/(loss) per share is calculated based on the net profit/(loss) attributable to ordinary shareholders 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 ordinary shareholders 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

	30 September 2020 Reviewed			30 September 2019 Unaudited			31 March 2020 Audited		
R' million	Continuing	Discontinued	Total	Continuing	Discontinued	Total	Continuing	Discontinued	Total
The calculation of basic and headline earnings per share is based on:									
Net profit / (loss) attributable to owners of Tongaat Hulett	**43**	**181**	**224**	**(519)**	**201**	**(318)**	**(286)**	**406**	**120**
Adjusted for:									
Loss on disposal of land, cane roots and buildings	-	-	-	-	-	-	4	-	4
Tax effect of loss on disposal of land, cane roots and buildings	-	-	-	-	-	-	(1)	-	(1)
Loss/(profit) on disposal of property, plant and equipment	10	-	10	(4)	2	(2)	(14)	-	(14)
Tax effect of loss/(profit) on disposal of property, plant and equipment	(2)	-	(2)	2	(1)	1	4	-	4
Impairment loss on property, plant and equipment	36	-	36	(1)	-	(1)	4	-	4
Tax effect of impairment loss on property, plant and equipment	-	-	-	-	-	-	(1)	-	(1)
Loss on disposal of intangible assets	-	-	-	-	-	-	6	-	6
Tax effect of loss on disposal of intangible assets	-	-	-	-	-	-	(1)	-	(1)
Derecognition of growing crops and cane roots	-	-	-	6	-	6	-	-	-
Tax effect of derecognition of growing crops and cane roots	-	-	-	(1)	-	(1)	-	-	-
Profit on disposal of Tongaat Hulett (Namibia) (Proprietary) Limited	(183)	-	(183)	-	-	-	-	-	-
Tax effect of profit on disposal of Tongaat Hulett (Namibia) (Proprietary) Limited	-	-	-	-	-	-	-	-	-
Minority interest	90	-	90	-	-	-	-	-	-
Headline earnings / (loss) attributable to owners of Tongaat Hulett	**(6)**	**181**	**175**	**(517)**	**202**	**(315)**	**(285)**	**406**	**121**

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

Number of Shares - Thousands	30 September 2020	30 September 2019	31 March 2020
The weighted average number of ordinary shares used in calculating basic earnings per share	**134 833**	**135 113**	134 820
Potential ordinary shares in issue at beginning of year relating to employee incentive schemes	203	-	138
The weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	**135 036**	**135 113**	**134 958**

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 were anti-dilutive for the periods ended 30 September 2019 and 31 March 2020 as the Group has recognised a loss from continuing operations. There are 203 260 potential ordinary shares for the period ended 30 September 2020.

7. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE (continued)

	30 September 2020 Reviewed			**30 September 2019** Unaudited			**31 March 2020** Audited		
Cents	Continuing	Discontinued	Total	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Earnings / (loss) per share									
Basic	32	134	166	(384)	149	(235)	(212)	301	89
Diluted	32	134	166	(384)	149	(235)	(212)	301	89
Headline earnings / (loss) per share									
Basic	(4)	134	130	(383)	150	(233)	(211)	301	90
Diluted	(4)	134	130	(383)	150	(233)	(211)	301	90

8. RELATED PARTY TRANSACTIONS

During the year 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 2020 Reviewed	30 September 2019 Unaudited	31 March 2020 Audited
Goods and services			
Sugar sales to Distribuidora Nacional de Açúcar, Limitada (joint venture)	804	555	1 037
Cane purchases from Uzinzo Sugar Farming Proprietary Limited	60	-	80
Interest paid to related parties			
Paid to Tongaat Hulett Pension Fund 2010	4	6	(11)
Property transactions			
Purchase of land from Tongaat-Hulett Pension Fund	-	9	9
Loans received from related parties			
Tongaat Hulett Pension Fund 2010	(109)	(143)	(108)

Key management personnel

Key management personnel remuneration is set out below. Key management personnel are those persons identified in further detail note 32 *Directors' and Prescribed Officers' Remuneration and Interest in Shares* , of the 31 March 2020 Annual Financial Statements.

R' 000	30 September 2020 Reviewed	30 September 2019 Unaudited	31 March 2020 Audited
Non-executive directors fees	4 310	5 368	9 916
Executive directors' and other prescribed officers' remuneration	80 019	17 332	36 126
Salary	14 201	13 293	27 662
Retirement and medical contributions	2 290	2 115	4 386
Other benefits	-	1 750	3 874
Short-term incentive *	63 488	174	174
Share incentive gains	40	-	30
Total	**84 329**	**22 700**	**46 042**

* The short-term incentive of R63.5 million paid during the current period relates to an award granted in respect of the 12 months ended 31 March 2020.

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 ensure that its operations are able to continue as a going concern. 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.

9.2 FINANCIAL RISK MANAGEMENT

In the normal course of its operations, the Group is exposed, in varying degrees, to a number of financial instrument related risks. Risk management is recognised as being dynamic, evolving and integrated in the core running of the business. The Board is ultimately responsible for the development and oversight of the Group's risk management policies. In line with the adoption of a new enterprise risk management framework, the management team conducted a series of risk reviews to determine the Group's exposure to financial risk. With the appointment of a Chief Risk Officer during the period under review, further risk strategies to address residual financial risk exposures are being rolled-out, key financial policies and procedures are is being implemented, while rigour to processes and internal controls relating to financial risk management continue to be implemented.

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 transactions in achieving debt reduction milestones.

The following table summarises the carrying amounts of financial instruments recorded at period end 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 balance sheet date
- for foreign currency options – option pricing models, and
- for other financial instruments – discounted cash flow analysis.

		GROUP (Per Statement of Financial Position)			HELD FOR SALE (Assets and directly associated liabilities)		
R' million	Fair value level	30 September 2020	30 September 2019	31 March 2020	30 September 2020	30 September 2019	31 March 2020
Financial assets							
Measured at amortised cost:							
Other non-current assets [1]		18	161	32	1	-	-
Trade and other receivables [2 3]		1 032	1 427	739	680	35	574
Cash and cash equivalents [4]		828	650	1 242	89	4	2
Fair value through profit or loss:							
Other non-current assets [1]	1	-	-	-	-	-	-
Derivative financial instruments - forward exchange contracts	2	8	-	-	4	-	4
Derivative financial instruments - commodity futures	1	-	-	-	11	-	23
Total		**1 886**	**2 238**	**2 013**	**785**	**39**	**603**
Financial liabilities							
Measured at amortised cost:							
Trade and other payables [2 5]		3 348	4 158	2 253	443	24	410
Borrowings [6]		11 726	12 993	12 596	715	-	261
Fair value through profit or loss:							
Derivative financial instruments	2	-	4	-	-	-	3
Total		**15 074**	**17 155**	**14 849**	**1 158**	**24**	**674**

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 excludes 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 excludes VAT receivable, prepayments, pension fund employer surplus account (current portion) and lease incentives (current portion).
4. The carrying amount of cash and cash equivalents approximates fair value.
5. Trade and other payables excludes VAT payable and leave pay accruals.
6. As the majority of the Group's borrowings are due within twelve months and bear interest are variable rates, the fair value thereof approximates the carrying amount.

9.2 FINANCIAL RISK MANAGEMENT (continued)

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 at the period end. 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 2020	30 September 2019	31 March 2020
Cash and cash equivalents	828	650	1 242
Trade and other receivables	1 032	1 427	739
Derivative financial assets	8	-	-
Other non-current assets (other loans at amortised cost)	18	161	32
	1 886	**2 238**	**2 013**

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 sugar industry body 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 2020, the Group has cash balances of R83 million (2019: R67 million) with financial institutions where a credit rating cannot readily be determined or that are rated marginally 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 and starch 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 customers 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 (reduced from 90% in July 2020 due to the expected impact of COVID-19). At 30 September 2020, 89% of the gross credit exposures were insured (September 2019: 56%). 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. Credit risk is further limited as payment terms are short, ranging from 7 to 14 days for sugar products and up to 30 days for non-sugar products.

b) Starch operations: The starch operation supplies some of the largest local and multinational customers operating in the food and industrial sectors. Payment terms are generally 30 days. Credit checks are undertaken and the credit quality of debtors is assessed prior to credit being granted. The starch operation has the same credit insurance arrangement in place as the sugar operations. At 30 September 2020, 13% of the gross credit exposures were insured (September 2019: 14%).

c) 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.

d) Zimbabwe sugar operations: With the hyperinflationary environment, credit terms provided to sugar debtors have reduced from 28 days to approximately 7 days. Credit terms provided to other debtors average 30 days. Management is exploring options to move the majority of its customers to a cash-on-delivery basis. 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 weekly 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, this approach is consistent with that applied at 31 March 2020.

Market risk management

The Group’s activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and interest rates. 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 the following derivative financial instruments to manage its exposure to commodity and foreign currency risk:

- forward foreign exchange contracts to hedge the exchange rate risk arising on the export of goods; and
- commodity futures to mitigate exposure to variability in maize prices.

9.2 FINANCIAL RISK MANAGEMENT (continued)

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 and starch 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.

Commodity price risk

The Group is exposed to variability in the maize price via its procurement of maize and the sale of starch, which is also linked to the maize price. The Group's risk management strategy is to align the pricing of the procurement and sales contracts as much as possible to mitigate its exposure to maize price volatility. The execution of this strategy is achieved by selling the requisite number of SAFEX maize futures once procurement contracts with farmers/traders have been priced. The SAFEX futures are closed out once the underlying sales contracts with customers are priced, effectively matching the SAFEX-linked purchase and sales price elements. Similarly, if the customer has priced its contracts before the procurement contracts with the farmers/traders have been priced then the requisite number of SAFEX maize futures are purchased. The SAFEX futures are closed out once the underlying procurement contracts with the farmers/traders are priced.

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 South African debt 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	CARRYING AMOUNT		PROFIT AND LOSS		EQUITY, NET OF TAX	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Variable rate instruments:						
Senior term loan	8 592	-	85,9	-	61,9	-
Senior revolving credit loan	1 250	-	12,5	-	9,0	-
Seasonal senior revolving term loan	553	-	5,5	-	4,0	-
Seasonal senior term loan	47	-	0,5	-	0,3	-
Term loans	611	3 371	6,1	33,7	4,4	24,3
Bonds	-	1 100	-	11,0	-	7,9
Development finance	-	662	-	6,6	-	4,8
Trade finance	-	528	-	5,3	-	3,8
General short-term	176	5 925	1,8	59,3	1,3	42,7
Other	300	1 407	3,0	14,1	2,2	10,1
	11 529	**12 993**	**115,3**	**130,0**	**83,0**	**93,6**

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 4 *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 over 4 years	Total
30 September 2020						
- Borrowings	12 573	67	36	34	19	**12 729**
- Trade payables	3 348	-	-	-	-	**3 348**
- Lease liabilities	140	133	132	130	326	**861**
	16 061	**200**	**168**	**164**	**345**	**16 938**
30 September 2019						
- Borrowings	13 725	83	-	-	-	**13 808**
- Trade payables	4 158	-	-	-	-	**4 158**
- Lease liabilities	129	115	99	97	64	**504**
	18 012	**198**	**99**	**97**	**64**	**18 470**

10. REPORTING ON THE ZIMBABWEAN OPERATIONS

The Group results continue to be materially impacted by the 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 interbank closing exchange rate. While the interbank exchange rate is impacted by limited foreign currency liquidity within the Zimbabwean economy, the situation has improved somewhat with the reintroduction of a market-driven foreign exchange auction system in June 2020.

The Group's Zimbabwean operations have applied IAS 29 *Financial Reporting in Hyperinflationary Economies* ("IAS 29") for the six months ended 30 September 2020. This has resulted in the Group recording a net monetary loss of R301 million for the period (September 2019: R329 million). While the application of IAS 29 is meant to improve comparability of the Group's results, the use of official 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 comparability of the Group's results.

In addition to the auction system, the Reserve Bank of Zimbabwe ("RBZ") has returned the mandatory liquidation period for unutilised export proceeds and has required the dual pricing of local transactions in local and foreign currency. As a result, an increasing proportion of local market sugar sales (ranging from 50 and 75%) is being transacted in locally-generated US Dollars ("USD"), particularly on the back of a shortage of Zimbabwe Dollars ("ZWL") in the market and the current implied discount on USD pricing. Auction rates have remained stable since the beginning of August at approximately ZWL 81 to the USD and this has helped to slow the rate of inflation and narrow the gap between unofficial and official exchange rates.

By the end of June 2020 the premium of unofficial exchange rates over the official exchange rate widened to 74% from 54% at March 2020, but narrowed to around 19% at the end of September 2020. While the economy has remained hyperinflationary, the annual inflation as at March 2020 was 676% and September 2020 inflation was at 659% having slowed down from a peak of 838% in July 2020.

In August 2020, the RBZ adjusted the export proceeds retention threshold from 80% to 70% (i.e. 30% is mandatorily liquidated to ZWL at prevailing auction exchange rate) and increased the liquidation period for such unutilized funds from 30 days to 60 days. Furthermore, a retention threshold of 80% was introduced on locally-generated foreign

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 2019 to 30 September 2019	ZWL	2,4759	0,9982	290,4	12,946	7,594
1 April 2019 to 31 March 2020	ZWL	1,5373	0,7168	810,4	8,490	2,721
1 April 2020 to 30 September 2020	ZWL	0,4464	0,2054	2 205,2	1,502	1,000

The table below shows the results reported for the Zimbabwe operations translated using the official interbank rate (i.e. ZWL 81 : USD 1 or ZWL 4.87: ZAR 1), together with a sensitivity showing the impact of applying the parallel exchange rate emerging within the economy. At 30 September 2020, the parallel rate was around ZWL 97 : USD 1 (ZWL 5.80 : ZAR 1).

R' million	As reported ZWL 81 : USD 1	Parallel Rate ZWL 97 : USD 1	Sensitivity vs Parallel Rate
Revenue	3 075	2 582	(493)
Operating profit	1 531	1 286	(245)
Profit for the year	720	612	(108)
Net asset value	3 536	2 963	(573)
Total assets	5 564	4 669	(895)

Note: The underlying transactions have not changed

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 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).

Statement of profit or loss and other comprehensive income
for the

R' million	6 months ended 30 September 2020 Reviewed	6 months ended 30 September 2019 Unaudited	12 months ended 31 March 2020 Audited
Revenue	**3 075**	**1 578**	**6 126**
Cost of sales	(905)	(310)	(1 366)
Gross profit	**2 170**	**1 268**	**4 760**
Marketing and selling expenses	(373)	(225)	(793)
Administrative and other expenses	(314)	(283)	(1 241)
Other operating income	49	216	156
Operating profit	**1 532**	**976**	**2 882**
Net finance costs	(173)	(155)	(340)
Finance costs	*(198)*	*(160)*	*(352)*
Finance income	*25*	*5*	*12*
Dividend income	38	-	5
Net monetary loss	(301)	(329)	(1 296)
Share of net profit of associates	5	3	9
Profit before taxation	**1 101**	**495**	**1 260**
Taxation	(381)	(215)	(677)
Profit for the year	**720**	**280**	**583**
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange differences on translation of foreign operations, including the effect of hyperinflation	(816)	(732)	989
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post-retirement benefit obligations	20	(16)	(331)
Tax effect of remeasurement of post-retirement benefit obligations	(5)	4	84
Other comprehensive loss for the year, net of tax	**(801)**	**(744)**	**742**
Total comprehensive loss for the year	**(81)**	**(464)**	**1 325**

These results of the Zimbabwean operations include inter-group transactions (i.e. these have not been eliminated).

10. REPORTING ON THE ZIMBABWEAN OPERATIONS (continued)

Statement of Financial Position
as at

R' million	30 September 2020 Reviewed	30 September 2019 Unaudited	31 March 2020 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	1 657	958	2 192
Right-of-use assets	4	-	2
Intangible assets	36	23	48
Investments in associates and joint ventures	33	3	32
Amounts owing by Group companies	-	12	4
Other non-current assets	7	11	6
Total non-current assets	**1 737**	**1 007**	**2 284**
Current assets			
Inventories	1 789	916	782
Biological assets	1 178	816	1 918
Trade and other receivables	504	387	408
Current tax assets	-	5	-
Cash and cash equivalents	356	230	317
Total current assets	**3 827**	**2 354**	**3 425**
TOTAL ASSETS	**5 564**	**3 361**	**5 709**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	73	73	73
Distributable reserves	3 516	3 234	3 158
Other reserves	(1 079)	(1 940)	(458)
Total equity attributable to owners of Tongaat Hulett Limited	**2 510**	**1 367**	**2 773**
Non-controlling interests	1 026	528	1 084
Total equity	**3 536**	**1 895**	**3 857**
Non-current liabilities			
Deferred tax liabilities	632	522	864
Borrowings	41	-	157
Lease liabilities	2	-	1
Amounts owing to Group companies	79	110	66
Post-retirement benefit obligations	16	45	128
Total non-current liabilities	**770**	**677**	**1 216**
Current liabilities			
Borrowings	158	130	74
Lease liabilities	1	-	1
Trade and other payables	800	657	488
Post-retirement benefit obligations	10	-	3
Current tax liabilities	289	2	70
Total current liabilities	**1 258**	**789**	**636**
TOTAL LIABILITIES	**2 028**	**1 466**	**1 852**
TOTAL EQUITY AND LIABILITIES	**5 564**	**3 361**	**5 709**

These results of the Zimbabwean operations include inter-group transactions (i.e. these have not been eliminated).

11. EVENTS OCCURING AFTER THE REPORTING PERIOD

COVID-19

The COVID-19 global pandemic continues to impact the world at large increasing market volatility and uncertainty over the past few months. A second wave of infections has resulted in additional restrictions and lockdowns being introduced across the world. As from 21 September 2020 the South African government eased lockdown restrictions to the lowest level, since 26 March 2020, although the national state of disaster has been extended to 15 January 2020 and additional restrictions have been introduced in areas considered to be 'hot-spots'. Mozambique continues to be under a state of public calamity at a maximum level of warning, which maintains many of the prevention measures with a gradual resumption of social and economic activities. Zimbabwe continues to ease restrictions as a measure to open up the economy. It continues to remain uncertain as to how declines in economic growth and the availability of disposal income could impact the Group's overall operations in these countries.

Management continues to proactively assess the impact of COVID-19 on its specific businesses and adapt its interventions to minimise business disruption.

Debt reduction milestones

Tongaat Hulett continues to make progress towards achieving its commitment to the South African lenders to reduce its debt by R8.1 billion before September 2021. To date, cumulative debt reduction transactions totalling R6.4 billion have been concluded, with debt reduction proceeds of R5.6 billion received. The breakdown of these debt reduction transactions has been provided in the *Basis of Preparation* note.

The following debt reduction transactions were concluded after the reporting period.

Disposal of the Starch Business

On 31 October 2020, Tongaat Hulett delivered the Starch Business to KLL Group, and KLL Group paid an initial cash amount of R4.986 billion, being an estimate of the final purchase consideration based on financial position of the Starch Business at 30 September 2020. An amount of R4.536 billion was immediately applied to reduce the Company's South African borrowings. The balance of R450 million was paid into an escrow account to cater for the possibility of claims being made by KLL Group against the Group under the warranties or other provisions of the share purchase agreement. On 7 December 2020, the 31 October 2020 closing accounts were finalised and this resulted in final payment of R274 million being made by KLL Group to Tongaat Hulett. A further R105 million was applied to reduce borrowings while the balance has been used to recoup transaction costs and related working capital items (e.g. VAT, carbon tax, settlement of post-retirement benefits) that had been funded from the Company's liquidity.

Disposal of the Eswatini sugarcane farming operation

The disposal of Tongaat Hulett's shares and claims in Tambankulu Estates Proprietary Limited ("Tambankulu") for R375 million (subject to certain working capital and capital expenditure adjustments) was approved by the Company's shareholders on 28 October 2020. All suspensive conditions to which the disposal was subject were fulfilled or waived, and the transaction become unconditional on 4 November 2020. On 1 December 2020, the transaction closed and Tongaat Hulett received the initial proceeds of R375 million. The initial proceeds were used to reduce South African borrowings in line with the Group's debt reduction plans. Adjustments to the purchase price for normalised working capital, capital expenditure and investment disposal proceeds are estimated to result in the receipt of a further R41 million for the business. The payment thereof is subject to an audit of the 30 November 2020 closing accounts which would be finalised by 31 January 2021.

South African debt facilities

On 4 November 2020, the Company and its South African lenders signed the Amended and Restated Common Terms Agreement and the Amended and Restated Senior Facility Agreements. These agreements revise the debt reduction milestones, the maturity date of the facilities and the financial covenants in line with the credit approved short-form term sheet that was signed by all parties on 31 July 2020. The salient terms of the revised facilities are disclosed in Note 4 *Borrowings.*

Mozambique debt restructure

In Mozambique, the debt standstill agreement entered into with lenders on 18 December 2019 remains in effect until 30 June 2021. The Group continues to progress a debt restructure with lenders in Mozambique. It is anticipated that a credit approved short-form term sheet will be signed by all parties during December 2020, with the long-form facility agreements to be signed before 31 January 2021. The primary source of cash for the debt restructure is from a "trade-out" (i.e. improved operational and financial performance) over a two year period. The debt reduction plan has and will be supplemented by secondary initiatives including: the sale and leaseback of the operations' vehicle fleet, the disposal of loss-making farmland and the disposal of a game reserve.

Economic conditions in Zimbabwe

Hyperinflation and currency dynamics in Zimbabwe continue to impact on the Group's results. Inflation at October 2020 was 471% year-on-year, decreasing from 659% in September 2020. The currency dynamics within the country remain challenging with the Group having to manage the Zimbabwean Dollar ("ZWL"), locally-generated US Dollars ("USD") and export-generated USD. The weighted average auction rate on 29 September 2020 of ZWL 81.4 moved to ZWL 81.9 against the USD on 1 December 2020. The Zimbabwe operations continue to transact on the interbank market at the ruling average auction rate. Currently, up to 70% of retail sugar sales in the local market are being concluded in locally-generated USD.

Change of the Group's external auditors

On 1 December 2020, the Board announced the appointment of Ernst & Young Inc. as the Group's external auditors for the financial year ended 31 March 2022, subject to shareholders' approval at the 2021 annual general meeting. The audit services of Deloitte and Touche will end on completion of their statutory commitments for the Group's 2021 financial year, which is expected to be on or about 31 July 2021 where after Ernst & Young's appointment will commence. An appropriate plan to manage the transition between external auditors is in development.

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

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF TONGAAT HULETT LIMITED

We have reviewed the condensed consolidated financial statements of Tongaat Hulett Limited, contained in the accompanying interim report on pages 23 to 50, which comprise the condensed consolidated statement of financial position as at 30 September 2020 and the condensed consolidated statement profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended and selected explanatory notes.

Directors' Responsibility for the Interim Financial Statements

The directors are responsible for the preparation and presentation of these interim financial statements 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, and for such internal control as the directors determine is necessary to enable the preparation of 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 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 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 interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and other 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 financial statements.

Other matter

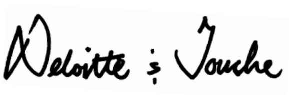
The interim financial statements of Tongaat Hulett Limited for the six month period ended 30 September 2019 were not subjected to an independent review or audit as there was no statutory or regulatory requirement for those financial statements to be independently reviewed or audited. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Tongaat Hulett Limited for the six month period ended 30 September 2020 are not prepared, in all material respects, in accordance with 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.

Material uncertainty related to going concern

We draw attention to the going concern note included in the basis of preparation and notes 4 and 9 to the condensed consolidated financial statements, which indicate that the Group's consolidated current liabilities exceed its consolidated current assets by R5 972 million. The consolidated financial statements at and for the year ended 31 March 2020 were prepared on a going concern basis with disclosure of a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. As disclosed in the basis of preparation, the material uncertainty continue to remain relevant as at 30 September 2020. Our conclusion is not modified in this respect.



Deloitte & Touche
Registered Auditor
Per: MH Holme
Partner
11 December 2020

CORPORATE INFORMATION

Registration No: 1892/000610/06
JSE share code: TON
ISIN: ZAE000096541

Directorate
Non-executive directors: L von Zeuner (Chairman), L de Beer, RM Goetzsche, JJ Nel, DC Noko, AH Sangqu, L Stephens
Executive directors: JG Hudson (CEO), RD Aitken (CFO), DL Marokane

Company Secretary
JJ van Rooyen

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