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

AUDITED SUMMARISED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

SALIENT FEATURES

- Continued progress with the business turnaround strategy
- Successful conclusion of disposals to the value of R6.6 billion
- A 42% reduction in group debt from disposals, as well as reduced costs, working capital improvements and operational efficiencies
- Debt refinancing agreements concluded in South Africa and Mozambique
- Strong market share gains in the sugar operations
- R323 million in dividends from the Zimbabwean sugar operations
- Recovery in the financial results hampered by the following:
  - Continued negative impacts from hyperinflation in Zimbabwe
  - Significant delays and cancellations in land sales due to COVID-19
  - Lower raw sugar production and a refinery loss, since corrected in South Africa, which was partly offset by the reversal of all short-term and turnaround incentive accruals
  - Partial contribution from the starch, Namibia and Eswatini operations due to their disposal
  - Unrealised foreign exchange losses due to significant volatility in the MZN/ZAR exchange rate
  - Benefit from lower borrowings largely offset by higher cost of the restructured South African debt facilities

Group financial results (including the discontinued operation)

- Basic earnings per share improved to a profit of 1 794 cents
(2020: 89 cents)
- Headline earnings per share decreased to a loss of 631 cents
(2020: headline profit per share of 90 cents)

Group results from continuing operations

- Revenue down 3% to R14 918 million
  (2020: R15 382 million)
- Operating profit down 44% to R1 818 million
  (2020: R3 257 million)
- Adjusted EBITDA[1] down 17% to R2 497 million
  (2020: R3 010 million)
- Hyperinflationary net monetary loss reduced to R626 million
  (2020: loss of R1 296 million)
- Basic loss increased to R929 million
  (2020: loss of R286 million)
- Basic loss per share increased to 689 cents
  (2020: loss of 212 cents)
- Headline loss increased to R1 109 million
  (2020: loss of R285 million)
- Headline loss per share increased to 822 cents
  (2020: loss of 211 cents)
- Cash generated from operations of R1 820 million
  (2020: R2 337 million)
- No dividend was declared in the current year

<u>Disposal of businesses</u>

Tongaat Hulett disposed of its starch and glucose, Namibian packaging, and Eswatini agricultural operations during the 2021 financial year. The starch operation was classified as a discontinued operation in the 2020 financial results. The Namibian and Eswatini operations did not represent a separate major business segment and consequently have remained classified as continuing operations. While both headline earnings per share and earnings per share (EPS) include the trading contribution from these operations up until the effective date of the transaction, only EPS includes the profit (after tax) of R3 466 million recognised on the sale. The results for the financial year ended 31 March 2021 include financial contributions from the starch operation for a period of 7 months, from the Namibian operation for a period of 3 months, and from the Eswatini operation for a period of 8 months. Further disclosure concerning the classification of the starch operation as discontinued has been provided in the annual financial statements. 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) of non-financial assets, any other non-trading or non-recurring items, as well as fair value adjustments relating to biological assets.*

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

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

INTRODUCTION

The 2021 financial results are presented against a challenging economic background, exacerbated by the continuation of the COVID-19 pandemic. While the majority of Tongaat Hulett's businesses fortunately continued operations during the various lockdowns, the protection of our employees and support for our communities was a priority. Apart from shortages of critical spare parts due to border closures, and an impact on production as employees had to self-isolate, the impact of the pandemic on the sugar operations was relatively limited. For the property business, however, the COVID-19 lockdown delayed planning approvals and infrastructure installation and restrained public participation in the various processes required to secure land development rights. Deals under negotiation were also halted or abandoned due to the uncertain economic environment, resulting in a material reduction in revenue and profit from the operation.

The pandemic highlighted the need to continue our support within society despite our own financial challenges, particularly in light of our rural operating locations. Tongaat Hulett contributed more than R84 million in COVID-related expenditure including the refurbishment of its medical facilities, contributions to both medical and food requirements, the donation of over 740 000 litres of sanitiser, the testing of more than 18 000 employees for comorbidities in addition to daily screening, the administration of more than 4 900 vaccine doses in Zimbabwe to employees and their families, and the preparation for the vaccine roll-out programmes in South Africa and Mozambique. The implementation of safety protocols limited the spread of COVID-19 within the group to 1 240 positive cases, which represents 4.3% of our total employee base of c.29 000 in peak season. Regrettably, 20 employees have lost their lives due to COVID-19 and our heartfelt condolences go out to their families.

Tongaat Hulett's turnaround plan commenced some two years ago and is centred around improving governance and control, reducing debt to appropriate levels, and repositioning the business as a sustainable entity, whilst protecting overall employment. Our efforts continue to yield positive results, notwithstanding the challenges experienced along the way. The focus on reducing debt has resulted in the receipt of R6 006 million in cumulative debt reduction proceeds to 31 March 2021. The company successfully disposed of its starch and glucose operation, as well as the Namibian packaging operation and the Tambankulu sugarcane estate in Eswatini. The Mozambique sugar operations delivered a solid result, almost doubling its operating profit, and the performance of the significant Zimbabwe sugar operations remained steady. The South African sugar operations experienced a challenging second half of the year, while COVID-19 related challenges resulted in a material reduction in the revenue and profits of the property business.

We believe that we have a suitable strategy for the industry and the environment in which we find ourselves. This has been confirmed by the resilience of our operations despite various unforeseen factors and circumstances. Tangible progress has been made to restore this fragile business after years of neglect and limited investment in the assets and people. The level of unsustainable debt, constrained cash flows, as well as legacy operational and cultural issues, remain challenges that need to be overcome. Each of these challenges is receiving the required management focus and is subject to measurable action plans.

FINANCIAL RESULTS

Revenue from continuing operations (i.e. excluding the starch operation) for the year ended 31 March 2021 decreased by 3% to R14 918 million (2020: R15 382 million). Operating profit from continuing operations declined by 44% to R1 818 million (2020: R3 257 million). The group's continuing operations reported an Adjusted EBITDA of R2 497 million (2020: R3 010 million).

Satisfactory operational progress has been achieved on a number of fronts, including strong market share gains in the South African sugar operations, and continued headway in the execution of the turnaround strategy. Successful cost reduction initiatives and stringent monitoring have yielded operational cost savings ahead of target and the group has made notable progress in delivering on the property business' infrastructure commitments in a cost-effective and coordinated manner. This good progress was marred by the operational loss at the South African refinery.

Net finance costs (including foreign exchange differences) reduced marginally to R1 583 million, with the positive impact of lower debt levels primarily offset by the increased cost of debt and higher foreign exchange losses. Net finance costs settled in cash amounted to R1 183 million (2020: R1 287 million). Finance costs settled in cash continue to significantly constrain liquidity, again highlighting the strategic imperative to reduce debt to an acceptable level and improve cash flows.

While inflation within the Zimbabwe economy is slowing, the impact of hyperinflation accounting continues to have a significant effect on reported profits and resulted in an adverse movement in the fair value of biological assets which was partly offset by a reduction in the non-taxable net monetary loss to R626 million (2020: R1 296 million).

The net effect of the factors above is a loss from continuing operations of R628 million (2020: profit of R137 million).

Profit from discontinued operations includes the contribution from the starch operation for the 7 months until 31 October 2021, which is the date on which the transaction was concluded. Ordinary trading activities contributed after-tax profits of R258 million (2020: R393 million) while the starch disposal transaction resulted in an after-tax gain of R3 090 million.

Basic earnings for the year amounted to R2 419 million (2020: R120 million), translating into basic earnings per share of 1 794 cents (2020: 89 cents) and headline loss per share of 631 cents (2020: profit of 90 cents). No dividend was declared during the financial year.

	31 March 2021		
Cents	**Continuing**	**Discontinued**	**Total**
Earnings per share - (loss) / profit			
Basic	(689)	2 483	1 794
Diluted	(689)	2 483	1 794

Cents	31 March 2021 Continuing	 Discontinued	 Total
Headline earnings per share - (loss) / profit			
Basic	(822)	191	(631)
Diluted	(822)	191	(631)

Ongoing capital expenditure increased to R505 million (2020: R195 million), in accordance with the 5-year capital programme. This programme will bring the asset replacement cycle back in line and reflects continued investment in capital expenditure to sustain and improve all of 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 year ended 31 March 2021. Comprehensive information related to the hyperinflation dynamics is disclosed in the annual financial statements. Hyperinflation can distort the fair value adjustments to biological assets reflected in the profit and for this reason, Tongaat Hulett utilises the concept of Adjusted EBITDA that removes these fair value adjustments.

- Impact of hyperinflation

  With effect from October 2018, Zimbabwe has applied hyperinflation accounting to all financial periods presented. Annual inflation peaked at 838% in July 2020 and has since reduced to 241% in March 2021, subsequent to the introduction of foreign currency reforms (including the auction system) that have created exchange rate stability and allowed the opportunity for an economic recovery. As a result of these developments, the net monetary loss arising from hyperinflation accounting improved to R626 million (2020: loss of R1 296 million). This has however, also resulted in a loss of R381 million (2020: gain of R806 million) through the normalisation of the standing cane valuation.

  The table below shows the results reported for the Zimbabwe operations translated using the official interbank rate (ZWL 87 : USD 1 or ZWL 5.9 : ZAR 1), together with a sensitivity showing the impact of applying the economy's unofficial exchange rate. At 31 March 2021, the unofficial exchange rate was ZWL 114 : USD 1 (ZWL 7.7 : ZAR 1).

R' million	As reported (Official rate)	Sensitivity (Unofficial rate)	Difference
Revenue	6 162	4 698	(1 464)
Operating profit	1 578	1 205	(373)
Profit for the year	513	390	(123)
Net asset value	3 140	2 394	(746)
Total assets	4 776	3 640	(1 136)

SEGMENTAL PERFORMANCE

R'million	2021	2020	% Change
Revenue	**14 918**	**15 382**	**(3%)**
Sugar	14 670	14 437	(2%)
Zimbabwe	6 162	6 126	(1%)
Mozambique	1 845	1 682	10%
South Africa	*6 212	6 023	3%
Other SADC	933	1 451	(36%)
Inter-segment	(482)	(845)	43%
Property	248	945	(74%)
Operating profit	**1 818**	**3 257**	**(44%)**
Sugar	1 902	3 010	(37%)
Zimbabwe	1 578	2 882	(45%)
Mozambique	230	124	85%
South Africa	*(388)	(130)	(198%)
Other SADC	482	134	260%
Property	58	658	(91%)
Corporate	(142)	(411)	65%
Adjusted EBITDA	**2 497**	**3 010**	**(17%)**
Sugar	2 579	2 760	(7%)
Zimbabwe	2 116	2 281	(7%)
Mozambique	392	285	38%
South Africa	*(100)	64	(256%)
Other SADC	171	130	32%
Property	59	660	(91%)
Corporate	(141)	(410)	66%

* Includes the negative impact as a result of the sugar loss: Revenue impact R170 million; Operating Profit and 'Adjusted EBITDA' impact of R369 million.

SUGAR

The sugar operations experienced mixed performances in this financial year. Revenue was stable at R14 670 million, despite a net R155 million reduction in the contribution from the SADC region post the disposal of the Namibian and Eswatini operations. Sugar production volumes declined by 9% during this year due to COVID-19 related challenges and unseasonal rains. Proactive interventions to turn the various sugar operations around contributed to an excellent operational performance in Mozambique and steady operations in Zimbabwe's hyperinflationary environment. The South African operations made excellent progress, as evidenced by the financial results in the first half of the year. In the second six months, this improvement was countered by lower sugar production and the once-off refinery loss.

- Zimbabwe

  Our Zimbabwean operations are significant and continue performing well despite ongoing hyperinflation effects. The operations generated revenue in line with the prior year at R6 162 million, down 7% on the prior year, and an Adjusted EBITDA of R2 116 million.

  Sugar production declined by 7% to 408 000 tons (2020: 441 000 tons), and was affected by unseasonal rainfall during harvesting which impacted cane quality and ended the season early, resulting in 555 hectares of sugarcane being carried over for harvest in the 2021/22 production season. Sugarcane yields declined due to low water availability and electricity interruptions which limited irrigation during the crop's peak growing season. Excellent rains this year have ensured water security for irrigation for at least three seasons.

  Ethanol production increased by 10% to 31 million litres, benefiting from increased molasses throughput imported from Mozambique and Zambia to maximise available capacity.

  Local sugar sales volumes of 325 000 tons were in line with the previous year, as supply and pricing into the market were responsibly managed to prevent arbitrage into surrounding regional markets. Demand in the local market remained firm despite low disposable incomes. Local market pricing was affected as the operation supported the Government's recommendation of a price freeze between April 2020 and May 2020 to protect consumers against inflation during the initial COVID-19 lockdown.

  Growing export sales into regional and other preferential markets remained a key focus to generate foreign currency. Sugar export volumes grew by 29% to 115 000 tons (2020: 89 000 tons), representing 26% of total sales volumes and supported by higher opening sugar stocks. This, however, resulted in an adverse mix variance owing to the pricing differential between local market and export market sugar. Price realisations in both local and export markets remained relatively constant in current purchasing power terms.

  Ethanol sales decreased by 5% to 28.4 million litres in a depressed fuel blending market hindered by COVID-19 lockdowns.

Costs were well-managed and profit 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 introduction of the operational support fee to the Corporate Office reduced earnings by R45 million.

Approximately 562ha of the targeted 4 000ha of Project Kilimanjaro were successfully planted to sugarcane, of which 150ha were harvested during the financial year. Work on the project will be accelerated once 99-year leases have been secured. Completion of Project Kilimanjaro and related yield improvement initiatives currently in progress will significantly improve cane supply to the mills, which will increase operating efficiencies and cost competitiveness in the region.

Tongaat Hulett has maintained healthy relations with the Zimbabwe Government and provided significant support during the COVID-19 pandemic. Good progress was made to secure 99-year leases for agricultural land, and the company was issued 'Offer Letters' in line with the required legal and administrative processes, pending issuance of a 99-year lease for these properties. Milling licences to 2040 were also granted for both sugar mills. These positive actions from the Government provide further confidence and stability to the operations.

Various foreign currency reforms and the return to the multi-currency system in the local market have improved the operation's ability to generate free funds to meet offshore obligations. Pleasing progress has been made in securing dividends from Zimbabwe, with dividends of R323 million having been received in South Africa during the 2021 financial year.

- Mozambique

The Mozambican sugar operations delivered an excellent performance in the current financial year, increasing revenue by 10% to R1 845 million and Adjusted EBITDA by 38% to R392 million. The industrial sales channel had its best year ever, driven by the higher production at the refinery. The Mafambisse sugar mill also made encouraging progress, moving from a loss-making operation to achieving break-even at the EBITDA level.

Sugar production decreased by 4% to 195 000 tons of raw sugar (2020: 202 000 tons), limited by cane supply, with an excellent performance at the Xinavane sugar mill in terms of reliability and efficiency. The Xinavane refinery ramped up production by 49% to 58 000 tons, registering a strong overall performance with reduced machine downtime, improved efficiency, and improved sugar quality. Mafambisse also produced 2 500 tons of high-margin Demerara export sugar.

Local market sales within the industry grew by 3% to 190 000 tons, representing the best performance in 10 years. Average sugar pricing increased by 28%, due to higher export pricing, a weaker exchange rate, and an improved local market sales mix.

The large-scale replant exercise undertaken after Cyclone Idai and an expansion into new cane areas using more suitable cane varieties have revitalised cane assets, lowering average cane root age and improving cane yields. Fields in Mafambisse which were not viable for sugarcane farming have been converted for the cultivation of rice to improve food security with 100 hectares planted to date. While flooding after Cyclone Eloise has tempered sugarcane yields for the 2021/22 season, it has ensured water security for irrigation for multiple seasons.

The operation benefitted from the non-repeat of various costs incurred in FY20 in rightsizing the business as well as annualised savings on manpower costs. This was offset by the introduction of the operational support fee to the Corporate Office of R36 million; a R12 million penalty related to a FY16 European Union-funded cane development; and R8 million related to the self-insured portion of the Cyclone Idai damage.

- South Africa

After a strong performance in the first half of the financial year, the South African operations experienced a challenging second half despite robust agricultural performance. The group gained pleasing market share in the local market where the implementation of the Sugar Masterplan as well as changing consumer behaviours notably increased demand. It is noteworthy that these market share gains were achieved through lower costs rather than higher incentives, thereby protecting margins. Good progress was also made through working capital and cash flow improvements and ongoing cost optimisation.

Revenue grew modestly to R6 212 million (2020: R6 023 million) as the once-off sugar loss at the refinery contributed to a reduction in the operations' share of the sugar industry. The sugar mills crushed 4 838 000 tons of cane (2020: 5 133 000 tons) and produced 535 000 tons of raw sugar (2020: 603 000 tons), down 10%. Milling performance was disappointing, as the lockdown delayed both the season start-up and the commissioning of the second milling line at the Maidstone sugar mill, resulting in some 400 000 tons of sugarcane being carried over for harvest in the 2021/22 season.

Refined sugar production increased by 39% to 450 000 tons to support the increased demand and commitments under the Sugar Masterplan. This considerable production ramp-up, and pressure to meet demand for refined sugar during the off-crop period when the other millers were unable to supply, led to some process inefficiencies which resulted in a loss of c.27 400 tons of raw sugar. The combination of the stock write-off, additional processing costs, and the resultant lower industry market share had a R369 million negative financial impact on results. The loss was partly offset by the reversal of the broad-based short-term and turnaround incentive accruals for the South African businesses. Significant steps have been taken to rectify and enhance the refinery processes, controls have been implemented to prevent a reoccurrence, and the refinery is currently operating at satisfactory yields while cautiously ramping up production.

Impairment losses of R149 million were recognised on the mothballed Darnall sugar mill and the refinery.

Tongaat Hulett increased local sugar sales volumes by 22% to 497 000 tons. This compares favourably with the industry growth in local demand of 18%, with the increase in market share supported by a refresh of the Huletts® brand and intensive marketing efforts. An inflation-linked price increase was implemented in September 2020. Export sales benefitted from the weaker exchange rate and the higher world market price. Sales volumes in the animal feeds business also improved by 15% to 271 000 tons, benefitting from a new commercial strategy focusing on competitive pricing, new markets and the rollout of a refresh of the Voermol® brand.

Cost-saving initiatives implemented over the past 12 months, as well as certain once-off costs (including retrenchments and legal and restructuring fees) in the prior year, contributed to savings. An operational support fee of R47 million was charged to the business by the Corporate Office during FY21.

- Other SADC

  The Eswatini and Namibian operations were sold during the year, decreasing the revenue contribution from these operations by 36% to R933 million, while Adjusted EBITDA grew by 32% to R171 million.

  The Eswatini operation contributed R85 million (2020: R19 million) due to the timing of the farming costs in respect of the 2020/21 harvest season which were incurred across two financial years. The Namibia operation contributed R7 million (2020: R40 million) which represents a period of three months during the financial year until disposal.

  The Botswana operation performed satisfactorily despite sales to the beverage industry being negatively affected by a strict COVID-19 lockdown within the country, with Adjusted EBITDA increasing by 11% to R79 million.

PROPERTY

The property operations found it particularly challenging to operate under pandemic conditions which negatively impacted all aspects of the business value chain, delaying planning approvals and infrastructure installation and undoing various deals which were being negotiated. Approximately R480 million worth of deals in progress were delayed or cancelled during the financial year.

The combination of focused efforts in the prior year to conclude the pipeline of legacy agreed but not yet transferred land sales, and the continued impact of COVID-19, has resulted in a significant decline in both large land sales and township property sales in the current financial year. Property revenue reduced to R248 million (2020: R945 million) and Adjusted EBITDA to R59 million (2020: R660 million).

Three large land sales for a total of 80 hectares were concluded generating revenue of R126 million. Township property sales, however, reduced from the equivalent of 239 000 m^2 new floor area in the prior year to 67 000 m^2 new floor area with R89 million of the sales proceeds recognised in revenue immediately and R60 million being deferred in respect of infrastructure to be installed in future. Revenue recognised on completion of the installation of infrastructure to previously sold sites, was also delayed by the lockdown.

The group has concluded a memorandum of understanding with the relevant municipality for infrastructure recoveries to the value of R110 million, which will be repaid to the company over three years, with R64 million already received post year-end.

During the year, R82 million was spent on installing infrastructure and, at 31 March 2021, a provision of R1 356 million (2020: R1 370 million) has been recognised to complete and close out all existing land development projects. Significant attention has been given to planning and prioritising infrastructure and development expenditure to meet the group's commitments in a cost effective manner and to align with the revenue profile of its land sales.

STARCH AND GLUCOSE

The group's financial results include the trading results of the starch operation for seven months to 31 October 2020. During this period the operation performed according to expectations despite of the alcohol ban which was implemented as part of the COVID-19 lockdown. Trading activities contributed after-tax profits of R258 million (2020: R393 million). Following the favourable resolution of the Material Adverse Change (MAC) dispute, the transaction concluded on 31 October 2020, and proceeds of R4 856 million were received with R507 million of borrowings assumed by the purchaser. An additional R450 million is held in an escrow account for 12 months to support any legitimate claims that Barloworld may put before Tongaat Hulett in that period, net of insurance cover.

CORPORATE COSTS

As the business starts to normalise, centrally-allocated restructuring costs associated with the business turnaround initiative reduced to R24 million (excluding the transaction costs directly attributable to the disposal of the three operations), primarily relating to consulting fees, debt restructuring and refinancing fees, and legal fees incurred on criminal and civil cases. Management incentives were lower following the reversal of all short-term and turnaround incentive accruals due to the once-off sugar loss. Employment costs increased to accommodate critical new roles. Cost allocations of corporate costs have been enhanced and hence technical, finance, information technology, governance, strategy, procurement, commercial and human resources costs are now being charged and included in the business entities results.

DEBT AND CASH FLOW

Net borrowings at 31 March 2021 were R6 570 million, compared to R11 354 million at 31 March 2020, representing a reduction of R4 784 million, or 42%. Gross borrowings decreased by R5 397 million, as cash balances were kept to a minimum to reduce finance costs.

Debt reduction transaction agreements totalling R6 566 million had been signed at 31 March 2021 with proceeds of R6 006 million paid to the South African lenders. As signed debt reduction transactions fell short of the R8 100 million milestone required, the company and the South African lenders agreed to amend the measurement date and quantum of both the existing 31 March 2021 and 30 June 2021 milestones to 30 April 2021 and 13 July 2021 respectively, and R6 400 million respectively in order to avoid a default.

At 30 June 2021, the status of the debt reduction transactions has been set out in the table below.

R'million	Signed agreements	Proceeds received
Disposal of Starch operation [1]	5 159	4 709
Liquidation of legacy pension funds	663	663
Disposal of Eswatini Tambankulu operations	413	413
Disposal of Namibian packaging operation	111	111
Disposal of various landholdings	227	168
Total achieved to date	**6 573**	**6 064**

1. *An amount of R450 million is held in escrow until 1 November 2021 to settle any claims brought by the purchaser in terms of the warranties. To date, no claim notifications have been received.*

Net finance costs declined by 2% to R1 583 million (2020: R1 620 million). Despite a 2.75% reduction of the underlying interest rates in South Africa, the weighted average cost of the South African debt facilities (including debt raising fees of R87 million) increased to 9.9% (2020: 9.7%). Net foreign exchange losses of R245 million were recognised on foreign currency borrowings (including lease liabilities and intergroup funding), compared to foreign exchange losses of R169 million in the prior year.

Regional debt exposure

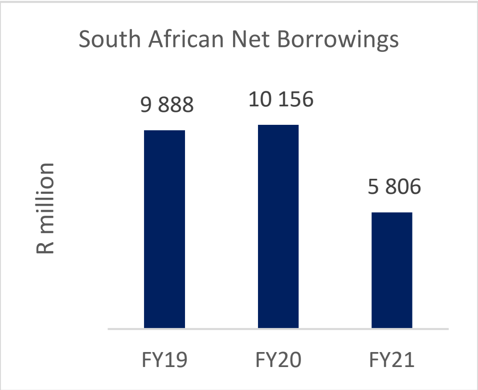
R'million	2021	2020	% change
South Africa	6 006	10 937	(45%)
Mozambique	1 034	1 344	(23%)
Zimbabwe	24	109	(78%)
Local currency borrowings	**7 064**	**12 390**	**(43%)**
Mozambique	70	85	(18%)
Zimbabwe	65	121	(46%)
Foreign currency borrowings	**135**	**206**	**(34%)**
Total borrowings	**7 199**	**12 596**	**(43%)**

Regional cash balances

R'million	2021	2020	% change
South Africa	199	782	(75%)
Mozambique	73	35	109%
Other SADC	46	108	(57%)
Zimbabwe	311	317	(2%)
Total cash balances	**629**	**1 242**	**(49%)**

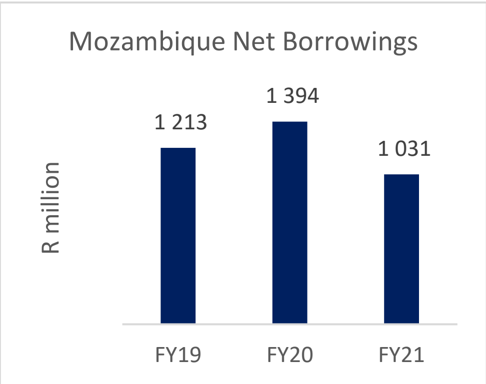
- South African debt

  Net borrowings in South Africa decreased by R4 349 million to R5 806 million at 31 March 2021 (2020: R10 156 million). With the majority of the facilities maturing on 30 September 2021, the company has agreed with its lenders to refinance its total R6 400 million facilities. The new facilities comprise a term loan, revolving credit facility, overdraft facilities, a super senior standby facility, and two payment-in-kind (PIK) instruments which are expected to be repaid from equity capital raise and/or other asset disposal proceeds. The new debt facilities (other than the overdraft facilities) mature on 30 June 2024.



- Mozambique debt

  Net borrowings in Mozambique reduced from R1 394 million at 31 March 2020 to R1 031 million at 31 March 2021. Consequently, the leverage multiple improved from 4.9x Adjusted EBITDA in the previous year to 2.7. Currency translation accounts for R273 million of the reduction year-on-year as the Mozambique Metical devalued by 24% to MZN 4.58 : ZAR 1 (2020: MZN 3.68 : ZAR 1). The volatility in the currency resulted in an unrealised exchange rate loss on intergroup funding and lease liabilities of R202 million (2020: gain of R141 million).



The US$10 million short-term facility to bridge the peak liquidity requirement in preparation for the crushing period was not required over March 2021 due to appropriate liquidity management.

The refinancing of the Mozambique debt facilities has been agreed with the Mozambique lenders and a credit approved term sheet was signed on 26 June 2021. The maturity date of the debt standstill agreement was extended from 30 June 2021 to 31 July 2021 to allow for the refinancing of the Mozambique debt facilities to be concluded. The new debt facilities have a 24 month term.

- Zimbabwe treasury position

  The hyperinflationary economic environment continued to negatively impact the purchasing power of the group's cash balances in Zimbabwe, although to a lesser degree than during the 2020 financial year. While cash balances have doubled in Zimbabwe Dollar terms, in Rand terms they remain in line with the previous year.

  The Zimbabwean operations' exposure to foreign currency borrowings has been reduced to US$4.4 million. With there no longer being a limit to the period US$ cash balances can be held, the related foreign exchange rate risk was partially hedged by the holding of US$ cash balances. Consequently, the foreign exchange loss recognised in finance costs reduced from R310 million in the 2020 financial year to R38 million in the current year.

Cash flow (including discontinued operations)

Cash generated from operations (including the starch operation) decreased to R1 820 million, relative to R2 337 million in the prior year, which is in line with the R513 million decrease in Adjusted EBITDA.

While working capital continues to be closely monitored, the level of investment was similar to the previous year. The starch operation was disposed of mid-season during the build-up of maize stocks, resulting in a working capital outflow to the date of disposal of R471 million (2020: R97 million outflow). A working capital outflow of R701 million arose in Zimbabwe as a result of investments in inventory and prepayments to preserve currency value.

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.

Ongoing and replacement capital expenditure increased to R505 million, compared to R195 million in the prior year, and was in line with the depreciation charge for the year. There was no further expansion capital expenditure on Project Kilimanjaro whilst tenure of the land, a prerequisite to secure further funding, remains uncertain. Expenditure on replanting cane roots, included in capital expenditure, increased from R69 million to R142 million. In the South African sugar operations, total capital expenditure increased from R54 million to R218 million in the current year, with R42 million spent on rehabilitating the second milling line at the Maidstone sugar mill.

Debt outlook

The Board remains firmly committed to reducing debt to a sustainable level and is assessing various options available, including further asset disposals, an equity capital raise, or a combination thereof. The good progress made by the Board with respect to honouring its commitments to lenders under challenging circumstances, has allowed the group to progress negotiations with the South African lenders to implement a refinance of its South African facilities (a credit approved short-form term sheet was signed by the parties on 12 July 2021, legal agreements to give effect thereto are currently being drafted and it is expected that the refinancing will be concluded by 31 August 2021), and a refinancing of the Mozambique debt facilities.

In respect of the refinance of the South African facilities, the principle underpinning the debt refinance was to negotiate a sustainable debt solution with longer dated facilities to create stability for the company, and allocate the remaining debt to two separate payment-in-kind ("PIK") instruments.

The sustainable debt solution comprises a term loan (Senior Facility A) amounting to R1 500 million, revolving credit facility (Senior Facility B) amounting to R1 400 million, two overdraft facilities (Senior Overdraft Facilities) totalling R300 million, and a standby liquidity facility (Super Senior Standby Facility) amounting to R191 million. Senior Facility A includes a portion to be repaid from the R450 million proceeds held in the starch escrow account. To date, the company has not received any claims notice in respect of the warranties or other applicable clauses in the sales agreement, and therefore it is expected that the full proceeds held in escrow will be received by the company early in November 2021.

Interest on the abovementioned facilities will be paid from internally generated cash flows derived from the South African sugar operation, the property business, and dividends, management and operational support recoveries received from operations in the rest of Africa, net of any South Africa corporate office costs.

The PIK instruments comprise Senior Facility C amounting to R2 000 million which is expected to be repaid from equity capital raise proceeds and/or proceeds received on disposals of assets, and Senior Facility D amounting to R1 200 million which will be primarily repaid from land disposal proceeds. The repayment of the PIK instruments needs to include all accrued interest.

In respect of the equity capital raise, the market capitalisation of the group, which at 31 March 2021 was R1 379 million, remains a key consideration in sizing an equity capital raise, as does the prospects of securing a strategic equity partner to underwrite the process. In support of asset disposals, non-binding expressions of interest and/or offers continue to be received from interest parties and each is evaluated.

The COVID-19 pandemic and associated economic uncertainties have resulted in the MillCo and PropCo initiatives being paused for the time being and these will be re-packaged as considered appropriate. The part disposal of the South African Sugar operation remains an option, although unlikely to raise sufficient proceeds to repay the PIK instruments. Discussions in respect of the outright sale of a portion of the landholdings continue to be progressed and are nearing a critical decision point.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

The Tongaat Hulett Board has been strengthened with the appointments of Mr David Noko and Ms Louisa Stephens as independent, non-executive directors during the year. With effect from 1 July 2021, Mr Noko was further appointed as the lead independent non-executive director. Management structures and the internal audit team have been bolstered, additional policies and procedures to further entrench ethical conduct as well as fraud and enterprise risk management and a group-wide governance, risk and compliance system have been implemented.

Tongaat Hulett's ESG framework was fundamentally reviewed and restructured, which is resulting in improved monitoring, measurement and environmental risk management. Continued focus on safety has resulted in a 13% reduction in the lost time injury frequency rate (LTIFR) and lost time injury rate (LTI). People processes were improved through the rollout of performance and talent management frameworks and continued entrenching of the group's values. Tongaat Hulett also invested more than R122 million in socio-economic development initiatives and R84 million in its response to COVID-19, providing tangible benefits to surrounding communities and Governments in the regions in which it operates.

We remain committed to our undertaking to act on the findings of the PwC forensic investigations. Civil claims and criminal case processes are underway and now await legal proceedings through the courts. We continue to work closely with the relevant authorities to advance these matters.

Change of auditors

The Board has, subject to shareholders' approval at the 2021 annual general meeting, appointed Ernst & Young (EY) as the group's external auditors for the financial year ending 31 March 2022. 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 August 2021.

Regulatory developments

- The Sugar Masterplan
  In South Africa, the Sugar Masterplan was signed in November 2020 and aims to increase the sustainability of the industry through increasing local demand and diversification into a wide range of globally competitive sugarcane-based products. For three years, stakeholders have committed to increase their sourcing of all sugar requirements from the local sugar industry, increasing from 85% to at least 95% (some 300 000 additional tons) in the third year, in exchange for price restraint. This has already contributed to local demand and improved the mix between local and export sales as well as the resulting profit margins. Tongaat Hulett is well-positioned to benefit from the Sugar Masterplan given that it already produces electricity at all its mills and ethanol in Zimbabwe. The group has identified and scoped a range of lucrative diversification projects which will be pursued over the medium term funding allows.

- JSE investigation

  In 2020, the JSE imposed a public censure and fine of R7.5 million (with R2.5 million thereof being suspended for five years) on Tongaat Hulett for publishing financial information for the periods 2011 to 2018 that did not comply with IFRS and which was incorrect, false and misleading. At the date of this report, the group had paid the R5 million fine due in full. The JSE's investigation into the conduct of individuals that presided over the company during the periods in question is ongoing. This closed out all matters with the JSE in respect of the company.

- Financial Services Conduct Authority (FSCA) investigation

  The investigation by the FSCA into potential contraventions of Section 81 of the Financial Markets Act was finalised during the 2021 financial year. 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 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. An amount of R3 million has been paid to date. 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 for the mitigation of the risk of similar contraventions occurring in the future. This closed out all matters with the FSCA in respect of the company.

DIVIDEND

Given the group's current strategic focus to reduce debt to a sustainable level, the Board has determined that no dividend will be declared for the 2021 financial year. It is also envisaged that no further dividends will be declared until the above objective has been achieved.

AUDIT OPINION

These summarised consolidated financial statements for the year ended 31 March 2021 have been audited by Deloitte & Touche, who have expressed an unmodified audit opinion in terms of the International Standards on Auditing. The auditor also expressed an unmodified opinion in terms of the International Standards on Auditing on the annual consolidated financial statements for the year ended 31 March 2021, from which these summarised consolidated financial statements were extracted.

Both the auditor's reports include a separate section under the heading "Material Uncertainty Related to Going Concern" which is presented below.

Material uncertainty relating to going concern

We draw attention to the going concern note included in the “Basis of preparation” and notes 16 and 33 to the consolidated and separate financial statements, which indicate that the group’s consolidated current liabilities exceed its consolidated current assets by R2 741 million and the company’s current liabilities exceed the current assets by R5 718 million.

These notes disclose that the group’s South African debt has been refinanced with new repayment milestones, including ones that need to be met within 12 months of the date of this report, in order to reduce the group and company’s debt to a sustainable level. The milestones are disclosed in the going concern and related notes to the consolidated and separate financial statements. This condition indicates that a material uncertainty exists that may cast significant doubt on the group and company’s ability to continue as a going concern.

Our opinion is not modified in this respect.

The full auditor’s report, including the key audit matters, is available on the link below.
https://www.tongaat.com/2021AFS.pdf

Copies of the audit reports on the summarised consolidated financial statements for the year ended 31 March 2021 and the annual consolidated financial statements for the year ended 31 March 2021 are available for inspection at the company's registered office, together with the financial statements identified in the respective audit reports. The audit report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the audit report together with the accompanying financial information from the company's registered office.

OUTLOOK

With evidence of the impact of subsequent waves of the COVID-19 pandemic globally, we remain cautious of the ongoing uncertainty and impact this may have on our operations and people. This will inevitably increase input costs due to higher commodity prices, create further complexity and result in increased cost of logistics and services. The health and safety of our people and communities remains a priority.

We will continue with our efforts to firmly re-establish a sustainable growth path, reduce debt to a sustainable level, and restore confidence in Tongaat Hulett, especially working with our extended grower network who has in some instances shared the pains of our challenged past. Unfortunately, addressing a legacy of cultural, maintenance and operational difficulties requires significant time and patience, and we remain confident that the strategy and business model will build a more sustainable future for Tongaat Hulett. The entrenchment of ESG processes in the organisation is also being prioritised.

The sugar operations will remain focused on improving operating efficiencies and asset reliability, reducing costs and building capacity. Investment in assets will be increased in the coming years to protect and maintain Tongaat Hulett’s asset base. We will continue to pursue the repatriation of dividends from Zimbabwe. Sales at the start of the new financial year have been impacted by lower opening sugar inventory and a challenging start to the crushing season. Signs of strong commercial improvements and the ability to leverage the opportunities presented by the Sugar Masterplan should allow the company to make up the deficit. Diversification of the sugar revenue streams remains a medium to long-term imperative.

New property sales continue to be considered in relation to associated legacy obligations. While sales may remain depressed in the short term, the emerging demand is encouraging. The property portfolio is being repackaged to accelerate sales in anticipation of an improved market. Efforts to realise synergies, improve cost efficiencies and negotiate cost-sharing arrangements for legacy obligations will continue to be pursued during 2022.

We expect that lower debt levels will benefit finance costs in 2022. Cash generation, debt reduction to a sustainable level, liquidity management, the ongoing review of the group's capital structure, and conclusion of the South African debt refinance remain as priorities.

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

For and on behalf of the Board

Louis von Zeuner
Chairman

Gavin Hudson
Chief Executive Officer

Tongaat
13 July 2021

Sponsor
Investec Bank Limited

TongaatHulett

Summarised consolidated audited statement of financial position as at 31 March 2021

R' million	Note	31 March 2021	31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2	4 883	6 013
Right-of-use assets		307	340
Goodwill		48	53
Intangible assets		266	337
Investments in associates and joint ventures		51	35
Deferred tax assets		165	593
Other non-current assets		163	348
Total non-current assets		**5 883**	**7 719**
Current assets			
Inventories	3	3 255	3 281
Biological assets	4	1 645	2 572
Trade and other receivables	5	1 833	1 071
Derivative financial instruments		7	-
Current tax assets		24	124
Cash and cash equivalents	6	629	1 242
		7 393	**8 290**
Assets classified as held for sale	7	-	2 139
Total current assets		**7 393**	**10 429**
TOTAL ASSETS		**13 276**	**18 148**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium		1 679	1 679
Accumulated losses		(1 340)	(3 563)
Other reserves		(1 440)	(863)
Total equity attributable to owners of Tongaat Hulett Limited		**(1 101)**	**(2 747)**
Non-controlling interests		1 047	1 152
Total equity		**(54)**	**(1 595)**
Non-current liabilities			
Deferred tax liabilities		620	1 123
Borrowings	8	78	157
Lease liabilities		348	227
Post-retirement benefit obligations		495	504
Deferred income		167	115
Provisions	9	1 124	690
			-
Total non-current liabilities		**2 832**	**2 816**
Current liabilities			
Borrowings	8	7 121	12 439
Lease liabilities		44	78
Trade and other payables		2 557	2 493
Post-retirement benefit obligations		44	51
Deferred income		122	167
Provisions	9	483	688
Current tax liabilities		127	76
		10 498	**15 992**
Liabilities directly associated with assets classified as held for sale	7	-	935
Total current liabilities		**10 498**	**16 927**
TOTAL LIABILITIES		**13 330**	**19 743**
TOTAL EQUITY AND LIABILITIES		**13 276**	**18 148**

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

R' million	Note	31 March 2021	31 March 2020
Continuing Operations			
Revenue	10	**14 918**	**15 382**
Cost of sales		(10 649)	(8 591)
Gross profit		**4 269**	**6 791**
Marketing and selling expenses		(958)	(1 023)
Administrative and other expenses		(2 021)	(2 773)
Net impairment loss on non-financial assets		(139)	(4)
Net impairment loss / (reversal) on financial assets		(65)	(63)
Non-trading items - gain / (loss)		380	(8)
Other operating income		352	337
Operating profit		**1 818**	**3 257**
Net finance costs		(1 583)	(1 620)
Finance costs		*(1 420)*	*(1 547)*
Finance income		*82*	*96*
Net foreign exchange loss revaluation of borrowings and lease liabilities		*(245)*	*(169)*
Net monetary loss arising from hyperinflation in Zimbabwe	16	(626)	(1 296)
Share of net profit of associates		22	24
(Loss) / profit before taxation		**(369)**	**365**
Taxation	11	(259)	(228)
(Loss) / profit from continuing operations		**(628)**	**137**
Profit from discontinued operation	7	3 348	393
Profit for the year		**2 720**	**530**
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange differences on translation of foreign operations		(906)	1 064
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post-retirement benefit obligations		(151)	(285)
Tax effect of remeasurement of post-retirement benefit obligations		38	71
Remeasurement of a retirement fund surplus		36	42
Tax effect of remeasurement of retirement fund employer surplus		(10)	(12)
Other comprehensive (loss) / income for the year, net of tax		**(993)**	**880**
Total comprehensive income for the year		**1 727**	**1 410**
Profit for the year is attributable to:			
Owners of Tongaat Hulett Limited		2 419	120
Non-controlling interests		301	410
		2 720	**530**
Total comprehensive income for the year is attributable to:			
Owners of Tongaat Hulett Limited		1 648	810
Non-controlling interests		79	600
		1 727	**1 410**
Earnings per share arising from loss from continuing operations attributable to the owners of Tongaat Hulett Limited (cents)	12		
Basic		(689)	(212)
Diluted		(689)	(212)
Earnings per share arising from profit attributable to the owners of Tongaat Hulett Limited (cents)	12		
Basic		1 794	89
Diluted		1 794	89

'Net impairment loss / (reversal) on financial assets' has been separately presented in this statement in the current year which required the comparative information to be re-presented, the impact of which affects both 'Administrative and other expenses' and 'Non-trading items'.

Summarised consolidated audited statement of changes in equity for the year ended 31 March 2021

R' million	Share capital	Share premium	Accumulated losses	Share-based payment and other reserves	Foreign currency translation reserve	Total equity attributable to owners of Tongaat Hulett Limited	Non-controlling interests	Total equity
Balance at 1 April 2019	**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 income for the year	-	-	*(135)*	-	*825*	***690***	*190*	***880***
Share-based payment charge	-	-	-	16	-	**16**	-	**16**
Dividends - non-controlling shareholders	-	-	-	-	-	**-**	(49)	**(49)**
Balance at 31 March 2020	**135**	**1 544**	**(3 563)**	**293**	**(1 156)**	**(2 747)**	**1 152**	**(1 595)**
Total comprehensive income for the year ended 31 March 2021	-	-	2 357	-	(709)	**1 648**	79	**1 727**
Profit for the year	-	-	*2 419*	-	-	***2 419***	*301*	***2 720***
Other comprehensive loss for the year	-	-	*(62)*	-	*(709)*	***(771)***	*(222)*	***(993)***
Share-based payment charge	-	-	-	(1)	-	**(1)**	(2)	**(3)**
Net transfer from non-distributable reserves to distributable reserves [1]	-	-	(134)	134	-	**-**	-	**-**
Purchase of shares for delivery to employees	-	-	-	(1)	-	**(1)**	-	**(1)**
Dividends - non-controlling shareholders	-	-	-	-	-	**-**	(182)	**(182)**
Balance at 31 March 2021	**135**	**1 544**	**(1 340)**	**425**	**(1 865)**	**(1 101)**	**1 047**	**(54)**

1. The net loss arising from previously vested share awards, representing the surplus of the fair value of the shares delivered to employees over the related cumulative share-based payment charge, has been transferred from the share-based payment reserve to accumulated losses. At 31 March 2021, the share-based payment reserve represents the cumulative share-based payment charge recognised on all unvested share awards.

TongaatHulett

Summarised consolidated audited statement of cash flows for the year ended 31 March 2021

R' million	Note	31 March 2021	31 March 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	1 820	2 337
Taxation paid	D	(368)	(239)
Net cash inflow generated from operating activities		**1 452**	**2 098**
CASH FLOWS FROM INVESTING ACTIVITIES			
Finance income received	B	46	23
Additions to property, plant and equipment	2	(490)	(538)
Expansion capital		*-*	*(322)*
Replacement and ongoing capital		*(348)*	*(116)*
Establishing new area under cane		*-*	*(31)*
Replanting of existing area under cane		*(142)*	*(69)*
Additions to intangible assets		(15)	(10)
Sharecropper and cane supply arrangements		*(7)*	*(6)*
Software and other		*(8)*	*(4)*
Proceeds on disposal of property, plant and equipment and intangibles		29	45
Proceeds on disposal of investments (including subsidiaries)		-	8
Proceeds on disposal of business	7	495	
Proceeds on disposal of discontinued operations	7	4 744	-
Proceeds on liquidation of legacy pension fund		151	538
Loans repaid by growers and key / strategic business partners		11	3
Net cash inflow from investing activities		**4 971**	**69**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid:		(182)	(52)
To shareholders of Tongaat Hulett Limited		-	-
To non-controlling shareholders		*(182)*	*(52)*
Finance costs paid	B	(1 229)	(1 310)
Borrowings:	C	(4 865)	1 312
Raised		*5 955*	*13 217*
Repaid		*(10 820)*	*(11 905)*
Lease liabilities		(39)	(88)
Purchase of shares for delivery to employees		(1)	-
Net cash outflow from financing activities		**(6 316)**	**(138)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**107**	**2 029**
Cash and cash equivalents at the beginning of the year		1 242	962
Foreign currency translation effect on cash and cash equivalents		(1)	164
Hyperinflation effect on cash and cash equivalents	16	(719)	(1 919)
Transfer from assets held for sale		-	6
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**629**	**1 242**

Notes to the summarised consolidated audited statement of cash flows

R' million	31 March 2021	31 March 2020
A. CASH GENERATED FROM OPERATIONS		
Profit / (loss) for the year (including discontinued operation)	**2 720**	**530**
Adjusted for:		
Finance costs	1 438	1 613
Finance income	(84)	(105)
Net foreign exchange loss on revaluation of borrowings and lease liabilities	245	169
Share of profit of associate	(22)	(24)
Income tax	259	228
Income tax - discontinued operations	509	166
Net monetary loss	626	1 296
Operating profit	**5 691**	**3 873**
Adjusted for:		
Depreciation on property, plant and equipment	388	583
Depreciation on right-of-use assets	64	103
Amortisation of intangible assets and lease incentives	79	57
Impairment losses on property, plant, equipment and intangibles	139	4
Allowance for expected credit losses	(65)	(56)
Loss / (profit) on disposal of property, plant and equipment	2	(11)
Loss on modification of lease contracts	7	-
Loss on disposal of intangible assets	2	5
Profit on disposal of business	(375)	-
Profit on disposal of discontinued operations	(3 498)	-
Movement in fair value of biological assets	405	(889)
SA Sugar stock loss and provision for industry obligation, payable to SASA	348	-
Foreign exchange (gains) / losses	(7)	76
Share-based payments	(3)	16
Movement in provision for retirement benefit obligations	(80)	(62)
Deferred income (government grants) released to statement of profit or loss	(20)	(20)
Other non-cash items:		
Financial instruments and non-cash income	(7)	(35)
Valuation adjustment on investment	175	48
Operating cash flows before movements in working capital	**3 245**	**3 692**
Working capital		
Movement in inventories	(1 090)	(380)
Movement in trade and other receivables and contract assets	(854)	(361)
Movement in trade and other payables and contract liabilities	601	(532)
Investment in development of land portfolio	(82)	(82)
Net movement in working capital	**(1 425)**	**(1 355)**
Cash generated from operations	**1 820**	**2 337**

Notes to the summarised consolidated audited statement of cash flows

R' million	31 March 2021	31 March 2020
B. NET FINANCE COSTS		
Finance Income		
Per statement of profit or loss and other comprehensive income	**82**	**96**
Finance income relating to discontinued operations	1	-
Pension fund employer surplus account	(13)	(57)
Financial instrument income	(18)	(16)
Gain on modification of borrowing facilities	(6)	-
Per statement of cash flows	**46**	**23**
Finance Costs		
Per statement of profit or loss and other comprehensive income	**1 420**	**1 547**
Finance costs relating to discontinued operations	17	36
Unwind of discount on provisions:		
Retirement gratuity	(16)	(6)
Post-retirement medical aid	(45)	(44)
Development expenditure	(124)	(130)
Financial instrument expense	-	(5)
Interest paid on right-of-use lease liability	(10)	(7)
Amortisation of debt raising costs	(79)	-
Interest accrued	66	(81)
Per statement of cash flows	**1 229**	**1 310**
C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES		
Balance at the beginning of the year	**12 596**	**11 438**
Held for sale	262	(262)
Cash movements for the year	**(4 865)**	**1 312**
Term loans and bonds:		
- raised	71	168
- repaid	(5 481)	(5 887)
General short-term banking facilities:		
- raised	5 884	13 049
- repaid	(5 339)	(6 018)
Non-cash movements for the year	**(794)**	**108**
Currency adjustments on borrowings		
- currency adjustment (including effect of IAS 29)	(322)	284
- net monetary loss	(148)	(597)
- gains on revaluation of borrowings	110	402
Disposal of business	(507)	-
Amortisation of debt raising costs	73	19
Balance at the end of the year	**7 199**	**12 596**
D. TAXATION PAID		
Tax asset at the beginning of the year	**(48)**	**(26)**
Taxation charged for the year in the income statement	660	425
Interest accrued to the South African Revenue Service	(2)	2
Foreign currency translation, including the effect of hyperinflation	(130)	(203)
Businesses disposed of during the year	(9)	-
Transfer of assets held for sale	-	(7)
Tax (liability) / asset at the end of the year	(103)	48
Taxation paid	**368**	**239**

REPORTING ENTITY

Tongaat Hulett Limited ("Tongaat Hulett" or the "Company") is incorporated and registered in South Africa. In South Africa the registered office is Amanzimnyama Hill Road, Tongaat, 4400, KwaZulu-Natal. The principal activities of the company and its subsidiaries (the "Group") and the nature of the Group's operations are set out in Note 1 *Segment Reporting*.

The summarised consolidated financial statements of Tongaat Hulett, as at and for the year ended 31 March 2021, comprise the Group and the Group's interests in associates and joint arrangements (the "summarised consolidated financial statements").

BASIS OF PREPARATION

Statement of compliance

The summarised consolidated audited financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"); the interpretations applicable to companies reporting under IFRS as developed by the IFRS Interpretations Committee and issued after approval by the IASB; the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the SAICA Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited ("JSE") Listing Requirements and the requirements of the Companies Act of South Africa 2008, as amended, and as a minimum contain the information required by IAS34: *Interim Financial Reporting*.

The summarised consolidated financial statements have been prepared under the supervision of Mr. R Aitken CA (SA), Chief Financial Officer, and were approved for issue by the Board of Directors on 13 July 2021. They will be presented to shareholders at the Annual General Meeting on 10 September 2021.

The summarised consolidated 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 materially consistent with those applied in the consolidated annual financial statements for the year ended 31 March 2020.

The summarised consolidated financial statements are prepared on a historical cost basis, except as disclosed in the significant accounting policies in the consolidated annual financial statements for the year ended 31 March 2021.

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

Going concern

Introduction

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

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

IAS 1 *Preparation of Financial Statements* requires management to perform an assessment of the entities' ability to continue as a going concern. If management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the entities' ability to continue as a going concern, IAS 1 requires these uncertainties to be disclosed.

In conducting this assessment, the Board have taken into consideration the following factors:

Financial position

Whilst the Group's total liabilities of R13 330 million exceed the total assets of R13 276 million at 31 March 2021, the fair values of the total assets of the entities exceed their total liabilities. The fair value of the total assets has been determined by suitably qualified independent third parties and is supported by the market value of the Group's landholdings that approximates R8 326 million as at 31 March 2021, which takes into consideration a reduction in property valuations as a consequence of the COVID-19 pandemic, as compared to a carrying amount of R1 591 million. The significant headroom in market value relative to the carrying amounts of properties, is sufficient to absorb any further economic impact of COVID-19 and a weak economic environment related to land sales.

The Group's current liabilities of R10 498 million exceed its current assets of R7 393 million at 31 March 2021. This is mainly due to the classification of the South African debt (with current maturity dates of 30 September 2021 and 31 March 2022) and Mozambique debt (with current maturity dates of 30 June 2021) as current liabilities.

Liquidity and profitability

Management continues 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 on a timely basis. Management also reports the Group's liquidity position to lenders in South Africa and Mozambique on a weekly and monthly basis respectively.

Budgets were prepared by management and presented to the Board during March 2021. Considering some operational challenges experienced by the South Africa Sugar operation and delays in registering property transfers, the forecasts for all the South African entities were updated on 20 June 2021. These budgets and forecasts form the basis of the Board's going concern assessment and the debt refinance negotiated with the South African lenders.

To specifically support liquidity in South Africa as a result of the operational challenges, the Company as part of the refinance, agreed an additional super senior standby facility that is annually renewable. The amount of the facility will equal up to 42.5% of the remaining proceeds from the disposal of the Starch Business that are expected to be released from the escrow account in November 2021. To date the purchaser has not submitted any claims and therefore the facility is estimated to be up to R191 million.

The budgets and forecast are prepared using on a number of estimates and assumptions, and also takes into account the impact of COVID-19 that has endured over the past 15 months. The key assumptions have been highlighted in the table below:

Sugar	*General* • All sugar operations are expected to continue with the operational turnaround plan to right-size operations, leverage the value chain, identify cost savings and improve working capital. • World sugar pricing, exchange rates and other macro-economic inputs supporting forecasts are based on forecasts prepared by financial institutions and sugar market researchers. *South Africa* • Raw sugar production for the 2021/22 season was initially expected to be 608 000 tons in light of additional maintenance and replacement capital expenditure, but has been reduced to 560 000 tons (2020/21: 535 000 tons; 2019/20: 603 000 tons) due to a challenging season start-up (this has been mitigated in part by extending the season). • Refined sugar production of 450 000 tons has been assumed (2020/21: 450 000 tons). The forecast yield incorporates some recovery from the sugar loss but not to the same extent as previous years. Maintenance and processing costs have been increased for some of the remedial work. • While the Sugar Master Plan was implemented in November 2020 and will support demand for locally produced sugar, the 2022 forecast assumes local market demand remains in line with the 2021 financial year, to allow for some normalisation in sales following an initial spike in demand during the first COVID-19 lockdown. Growth of 0.5% and 5.1% in local demand has been included for the 2023 and 2024 financial years respectively, with no further growth assumed in 2025 and beyond. Price increases are limited to inflation as required by the Sugar Master Plan. • The Group has factored in the estimated benefits of an improved brand proposition and marketing strategy together with its related spend. • An appropriately sized capital expenditure programme has been incorporated into the forecast to allow for sufficient reinvestment to bring the asset replacement cycles back into line. *Mozambique* • Raw sugar production for the 2021/22 season was anticipated to increase from 195 000 tons achieved in the 2020/2021 season to 202 000 tons, returning back to 2019/20 levels. Good factory performance is anticipated to continue with yields declining marginally due to cyclone-related flood damage. • Refined sugar production is expected to continue its ramp-up through improvement to processing and efficiencies. • Local sales volumes are expected to be in line with the 2021 financial year with inflation-related price increases. • Sufficient capital expenditure has been included in the budget for replant programme reinvestment in order to improve cane yields. *Zimbabwe* ● Raw sugar production for the 2021/22 season was forecast to increase to 431 000 tons (2020/21: 408 000 tons; 2019/20: 441 000 tons) but remain below historical levels as cane yields begin to recover post-drought (low dam levels). ● Demand for sugar is anticipated to remain firm, underpinned by a continuation of the economic recovery. An equal split between invoicing in US Dollar and Zimbabwe Dollar invoicing is assumed which is a more conservative outlook when compared to 2021. ● Export volumes are expected to normalise after higher than average exports during 2021. ● Capital expenditure is focussed on cane root replant programmes to improve cane yields in the future years.
Properties	• The Group's land conversion and development business has been significantly affected by the economic downturn caused by the COVID-19 pandemic. While property sales volumes across the sector were down and achieved lower prices and with recovery only expected in a year or two's time, various inquiries are received from potential customers seeking to invest against the economic cycle to position themselves for the recovery. • Forecast revenues are projected on a site-by-site basis and in the following 12 months are based on concluded sales agreements for which properties have not yet transferred totalling R436 million, and a pipeline of inquiries totalling R408 million. ● The Group has incorporated additional costs for marketing and selling capability to support the delivery of the sales pipelines. A Property Advisory Board, which includes two independent property experts, has also been established to oversee the various sales processes. ● A significant investment has been made into planning and prioritising infrastructure and development expenditure to meet the Group's commitments in a cost-effective manner and ensure alignment with the expected revenue projections.

	Particular effort has been applied to realising synergies from combining infrastructure requirements to larger procurement arrangements and agreeing revised design specifications. ● Revenue projections are focussed on land within existing development precincts with the necessary approvals in place which can be sold as fully developed or "shovel ready" and which can be transferred quickly to unlock cash proceeds. Sites that are closest to the current infrastructure activities are prioritised so as not to increase or bring forward any obligation to incur development expenditure. ● Municipal contributions to infrastructure are only factored into the provision to the extent that a cost share agreement is in place and the Group intends to engage in negotiations to concluded further contributions to infrastructure. ● A key assumption supporting the liquidity is that the cash outflows relating to the infrastructure obligations can be slowed down or deferred to the extent that forecasted sales are delayed.
General	● The level of restructuring costs at the Corporate Office level is expected to decline. Any further advisory fees are primarily success based and will be paid from transaction proceeds. ● The Zimbabwe operations will have the ability to remit dividends and operational support fees to South Africa that, in aggregate, are at a similar level to the dividends received during the 2021 financial year. ● Operational support fees and dividends from the Mozambique operation have not been included in the forecast given the restrictions imposed by the Mozambique lenders. ● The investigations by the Financial Services Conduct Authority and the JSE Limited have been concluded and the cash flow forecasts include the penalties and fines imposed. ● It remains unlikely that any material claims will be payable within the next 12 to 18 months, and therefore management has not forecast outflows related to material claims that could arise in the future.

Achievement of South African debt reduction milestones

The original terms of the existing debt facilities concluded with the Company's South African lenders (the "SA Facilities"), which became effective on 10 March 2020, required the Company to meet specified debt reduction milestones whereby the Company was required to reduce debt through the disposal of assets. Due to COVID-19, the ability of management to affect these transactions by the required milestone dates was impacted, and in order to prevent defaults, the Company and South African lenders amended the terms of the SA Facilities on 4 November 2020. Subsequently, the Company and the lenders concluded further amendments to the Signed Debt Transaction Milestones to avoid default. Accordingly, the default milestones are as follows:

Milestone Date	**Signed Debt Transaction Agreements (cumulative)**		**Debt Reduction Proceeds (cumulative)**	
30 November 2019	R500 million	*Status: Achieved*	R nil	
31 March 2020	R4 000 million	*Status: Achieved*	R nil	
30 June 2020	R6 000 million	*Status: Achieved*	R500 million	*Status: Achieved*
31 December 2020	R6 000 million	*Status: Achieved*	R5 500 million	*Status: Achieved*
30 April 2021 *(previously 31 March 2021)*	R6 400 million *(previously R8 100 million)*	*Status: Achieved*	R6 000 million	*Status: Achieved*
13 July 2021 *(previously 31 March 2021)*	R6 400 million *(previously R8 100 million)*	*Status: Achieved*	R6 000 million	*Status: Achieved*
30 September 2021	R8 100 million		R8 100 million	

At 31 March 2021, the Company had paid cumulative debt reduction proceeds of R6 006 million to the South African lenders and had therefore achieved the R6 000 million debt reduction proceeds milestone. Debt reduction transaction agreements totalling R6 566 million had been signed at 31 March 2021. At 30 June 2021, the following debt reduction transactions were concluded:

Transaction details	**Signed Debt Transaction Agreements**	**Debt Reduction Proceeds Received**	**Debt Reduction Proceeds Outstanding**
Disposal of Starch Business	R5 159 million	R4 709 million	R450 million
Liquidation of 2 legacy pension fund surpluses	R663 million	R663 million	None
Disposal of Eswatini operation	R413 million	R413 million	None
Disposal of Namibian packing operation	R111 million	R111 million	None
Disposal of 3 agricultural farms	R53 million	R49 million	R4 million
Disposal of 6 land portfolio properties	R174 million	R119 million	R55 million
Total	**R6 573 million**	**R6 064 million**	**R509 million**

The good progress made by the Board with respect to honouring its commitments to lenders under challenging circumstances, has allowed the Company to progress negotiations with the South African lenders to implement a refinance of its SA Facilities as detailed below.

Refinance of SA Facilities

The existing debt facilities at 31 March 2021 to be refinanced were:

Facility	Facility	Utilisation	Headroom
Senior Facility A – Senior Term Loan	R3 330 million	R3 330 million	R nil
Senior Facility B – Senior Revolving Credit Facility	R2 200 million	R1 550 million	R650 million
Senior Facility C - Seasonal Senior Revolving Credit Facility	R553 million	R nil	R553 million
Senior Facility D - Seasonal Term Loan Facility	R47 million	R nil	R47 million
Overdraft Facilities	R300 million	R236 million	R74 million
Total	**R6 430 million**	**R5 116 million**	**R1 324 million**

On 12 July 2021, the South African lenders and the Company agreed to and signed a credit approved term sheet which forms the basis of the refinancing. Legal agreements to give effect thereto are currently being drafted and it is expected that the refinancing will be concluded by 31 August 2021.

The principle underpinning the debt refinance was to negotiate a sustainable debt solution with longer dated facilities to create stability for the Company, and allocate the remaining debt to two separate payment-in-kind ("PIK") instruments. The sustainable debt solution comprises a term loan (Senior Facility A) amounting to R1 500 million, a revolving credit facility (Senior Facility B) amounting to R1 400 million, two overdraft facilities (Senior Overdraft Facilities) totalling R300 million, and a standby liquidity facility (Super Senior Standby Facility) amounting to R191 million. Senior Facility A includes a portion to be repaid from the proceeds held in the starch escrow account. All these facilities, with the exception of the Super Senior Standby Facility, have a 3 year term.

To date, the Company has not received any claims notice in respect of the warranties or other applicable clauses in the sales agreement, and therefore it is expected that the full R450 million proceeds held in escrow will be received by the Company early in November 2021. Interest on the above mentioned facilities will be paid from internally generated cash flows derived from the South African sugar operation, the property business, and dividends, management and operational support recoveries received from operations in the rest of Africa, net of any South Africa corporate office costs.

The PIK instruments comprise Senior Facility C amounting to R2 000 million which is expected to be repaid from equity capital raise proceeds and/or proceeds received on disposals of assets, and Senior Facility D amounting to R1 172 million which will be primarily repaid from land disposal proceeds. PIK interest accrues and is capitalised on each of these facilities and is only settled from proceeds received from strategic initiatives.

Further terms of the refinancing are included in Note 17 *Events occurring after the balance sheet date*.

Key initiatives to repay the PIK facilities

The Board remains firmly committed to reducing debt to a sustainable level and is assessing various options available, including further asset disposals, an equity capital raise, or a combination thereof.

The Board is considering the following strategic initiatives to facilitate the repayment of the PIK facilities (Senior Facility C and Senior Facility D):

- Equity capital raise

  To allow the Company to retain its sugar operations, an equity capital raise is being considered. The terms of the debt refinance provide a reasonable window for the Board to pursue and secure an equity investment to repay Senior Facility C by 31 March 2022, the amount of which will be equal to the higher of R2 000 million or the aggregate amounts owing on Senior Facility C (including accrued interest) at the time.

  The market capitalisation of the Group, which at 31 March 2021 was R1 379 million, remains a key consideration in sizing an equity capital raise, as does the prospects of securing a strategic equity partner to underwrite the equity capital raise.

- Disposal of non-land assets

  Whilst the Board is currently considering various disposal options , the Company will need to progress the disposal (or part disposal) of one or more of its African sugar operations to repay any amount outstanding under Senior Facility C to the extent that equity capital raise proceeds are insufficient or an equity capital raise is not pursued for whatever reason. The debt refinance terms allow for a period of 18 months to conclude the above. Any impact of such disposal on, inter alia, Senior Facility A and Senior Facility B would need to be considered..

  Given that the MillCo and PropCo initiatives remain paused, a part disposal of the South African Sugar operation remains an option. Once Senior Facility D has been repaid in full from the proceeds received on land disposals, the debt refinance terms allow for any excess proceeds to be used to repay Senior Facility C.

- Disposal of land assets

  The Group continues to pursue the disposal of a significant portion of land. While the PropCo initiative to secure an equity investment into the property portfolio was not successful, a number of land sales are currently being progressed. The debt refinance terms include a loan-to-value ratio covenant (market value of the land portfolio to amounts outstanding under Senior Facility D) of 25%. Once Senior Facility D (estimated amount of R1 172 million which is dependent on the date of refinance) has been repaid in full from proceeds received on land disposals, the debt refinance terms allow for any excess proceeds to be used to repay Senior Facility C. Furthermore, once Senior Facility C has been repaid in full from equity capital raise proceeds, any excess proceeds may be used to repay Senior Facility D.

Refinance of Mozambique debt facilities

The improved operational and financial performance of the Mozambique operation has increased earnings and reduced the leverage multiple to an acceptable level. During 2021, proceeds from the sale and leaseback of the Mozambique's vehicle fleet and Cyclone Idai insurance claim were used to reduce the existing facilities by R48 million. The disposal of other non-core assets continues to be explored.

The refinancing of the Mozambique debt facilities has been agreed with the Mozambique group lenders and a credit approved term sheet was signed on 26 June 2021. Furthermore, the maturity date of the debt standstill agreement that was concluded with the Mozambique group lenders on 18 December 2019, was on 7 July 2021, extended from 30 June 2021 to 31 July 2021. Long form agreements are well progressed, and the refinancing of the Mozambique debt facilities is expected to be concluded by 15 July 2021. The Mozambique debt facilities are stand-alone with no recourse back to the South African assets. The new debt facilities have a tenor of 24 months and other salient terms of the debt facilities are included in Note 17 *Events occurring after the balance sheet date*.

Conclusion in respect of material uncertainty relating to going concern

- A material uncertainty is an event or condition that may cast significant doubt on the Group and Company's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.
- The ability of the Group to repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations, the successful raising of equity, the ability to realise cash through disposals of assets, and turnaround initiatives. The liquidity dependencies indicate that a material uncertainty exists that may cast doubt on the Company and/or the Group's ability to continue as a going concern.
- The Board is of the view that the actions that have been implemented under challenging circumstances to achieve significant de-gearing to date, and those actions that are currently underway, if successfully implemented, are sufficient to mitigate the material uncertainties related to liquidity to an acceptable level.
- The relevant lenders have over the last two plus years demonstrated commitment and ongoing support of the Group that is evidenced by the recent signing of the credit approved term sheets to support the proposed refinancing of the SA Facilities and Mozambique debt facilities. The proposed extension of contractual maturities of the South African debt facilities together with optionality to implement debt reduction initiatives will contribute to an orderly process to raise sufficient equity and/or conclude disposal processes necessary to reduce debt to a sustainable level.
- The Board has no intention to cease trading, curtail operations nor liquidate the businesses, other than concluding orderly disposals that may be necessary to reduce debt.
- The Board remains focused on and committed to the turnaround strategy, the debt reduction plan and further refinancing of the South Africa and Mozambique debt facilities once relevant key initiatives have been implemented. However, the requirement to reduce borrowings by a set quantum within a set timeframe as applicable, and the ability of the Group and Company to achieve its debt reduction plan in the current economic conditions taking into consideration debt refinancing and restructurings concluded to date, continues to create a material uncertainty.

The Board, after carefully considering the negotiated debt refinance terms and mitigating action described above, has concluded that the Group and Company are able to discharge their liabilities in the normal course of business, and are therefore of the opinion that the going concern assumption is appropriate in the preparation of the financial statements, although a material uncertainty exists in relation to the success of the debt restructure initiatives described above.

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.
PROPERTY	Conversion and development of agricultural land for sale to third-party customers for onward development for a range of urban uses across multiple market sectors.
CORPORATE	Comprises the Group's headquarters that provides management oversight, governance, technical support and treasury services.

The Group evaluates the performance of its reportable segments and allocates resources to segments based on revenue, operating performance, cash flows and capital employed.

For the analysis of the Group's segmental performance below, the profits and cash flows reported represent the results of the business segment before the allocation of central administration costs, finance costs/income and taxation. Finance costs/income and taxation are not allocated to segments as these are specialised functions that are managed centrally. Sales between segments are recorded at prices that approximate market prices. Inter-segment transactions are eliminated on consolidation.

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

TongaatHulett

Business segments

12 months ended 31 March 2021	Continuing Operations										
	Sugar Operations										
R' million	South Africa	Mozambique	Other SADC[1]	Total Sugar Operations - excluding Zimbabwe	Zimbabwe	Inter-segment [2]	Total Sugar Operations	Property	Corporate	Total Continuing Operations	Total Continuing Operations - excluding Zimbabwe
Segment revenue	**6 212**	**1 845**	**933**	**8 990**	**6 162**	**(482)**	**14 670**	**248**	**-**	**14 918**	**8 887**
External customers	*5 896*	*1 810*	*933*	*8 639*	*6 031*	*-*	*14 670*	*248*	*-*	*14 918*	*8 887*
Inter-segment	*316*	*35*	*-*	*351*	*131*	*(482)*	*-*	*-*	*-*	*-*	*-*
Operating profit	**(388)**	**230**	**482**	**324**	**1 578**	**-**	**1 902**	**58**	**(142)**	**1 818**	**240**
Depreciation and amortisation	163	181	12	**356**	157	-	513	1	1	**515**	**358**
EBITDA [3]	**(225)**	**411**	**494**	**680**	**1 735**	**-**	**2 415**	**59**	**(141)**	**2 333**	**598**
Non-trading items - loss / (profit) [4]	134	-	(375)	(241)	-	-	(241)	-	-	**(241)**	**(241)**
Fair value adjustments to biological assets	(9)	(19)	52	24	381	-	405	-	-	**405**	**24**
Adjusted EBITDA [5]	**(100)**	**392**	**171**	**463**	**2 116**	**-**	**2 579**	**59**	**(141)**	**2 497**	**381**
Segment assets [6]	**2 920**	**2 793**	**139**	**5 852**	**4 454**	**-**	**10 306**	**1 517**	**66**	**11 889**	**7 435**
Segment cash flows [7]	**(31)**	**286**	**202**	**457**	**1 267**	**-**	**1 724**	**(78)**	**(133)**	**1 513**	**246**
Capital expenditure [8]	**(217)**	**(89)**	**(16)**	**(322)**	**(115)**	**-**	**(437)**	**(4)**	**(6)**	**(447)**	**(332)**
Expansion - Property, plant and equipment	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Expansion - Cane roots	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Ongoing - Property, plant and equipment	*(191)*	*(36)*	*(8)*	*(235)*	*(48)*	*-*	*(283)*	*(4)*	*(2)*	*(289)*	*(241)*
Ongoing - Cane roots	*(16)*	*(51)*	*(8)*	*(75)*	*(67)*	*-*	*(142)*	*-*	*-*	*(142)*	*(75)*
Intangibles	*(10)*	*(2)*	*-*	*(12)*	*-*	*-*	*(12)*	*-*	*(4)*	*(16)*	*(16)*

12 months ended 31 March 2020 R' million	Continuing Operations: Sugar Operations: South Africa	Mozambique	Other SADC[1]	Total Sugar Operations - excluding Zimbabwe	Zimbabwe	Inter-segment [2]	Total Sugar Operations	Property	Corporate	Total Continuing Operations	Total Continuing Operations - excluding Zimbabwe
Segment revenue	**6 023**	**1 682**	**1 451**	**9 156**	**6 126**	**(845)**	**14 437**	**945**	**-**	**15 382**	**9 347**
External customers	*5 294*	*1 657*	*1 451*	*8 402*	*6 035*	*-*	*14 437*	*945*	*-*	*15 382*	*9 347*
Inter-segment	*729*	*25*	*-*	*754*	*91*	*(845)*	*-*	*-*	*-*	*-*	*-*
Operating profit	**(130)**	**124**	**134**	**128**	**2 882**	**-**	**3 010**	**658**	**(411)**	**3 257**	**375**
Depreciation and amortisation	171	241	10	**422**	205	-	627	**2**	**1**	**630**	**425**
EBITDA [3]	**41**	**365**	**144**	**550**	**3 087**	**-**	**3 637**	**660**	**(410)**	**3 887**	**800**
Non-trading items - loss / (profit) [4]	9	4	(1)	12	-	-	12	-	-	**12**	**12**
Fair value adjustments to biological assets	14	(84)	(13)	(83)	(806)	-	(889)	-	-	**(889)**	**(83)**
Adjusted EBITDA [5]	**64**	**285**	**130**	**479**	**2 281**	**-**	**2 760**	**660**	**(410)**	**3 010**	**729**
Segment assets [6]	**2 930**	**3 404**	**509**	**6 843**	**5 386**	**-**	**12 229**	**1 615**	**65**	**13 909**	**8 523**
Segment cash flows [7]	**1**	**155**	**146**	**302**	**1 826**	**-**	**2 128**	**(180)**	**(329)**	**1 619**	**(207)**
Capital expenditure [8]	**(55)**	**(54)**	**(10)**	**(119)**	**(376)**	**-**	**(495)**	**(1)**	**(9)**	**(505)**	**(129)**
Expansion	*-*	*(44)*	*-*	*(44)*	*(278)*	*-*	*(322)*	*-*	*-*	*(322)*	*(44)*
Replacement and ongoing	*(1)*	*(7)*	*(4)*	*(12)*	*(57)*	*-*	*(69)*	*-*	*-*	*(69)*	*(12)*
Intangibles	*(10)*	*-*	*-*	*(10)*	*-*	*-*	*(10)*	*-*	*-*	*(10)*	*(10)*

Notes:

1. *Other SADC operations include a sugarcane estate in Eswatini and distribution operations in Botswana and Namibia. Eswatini and Namibia were disposed of during the 2021 financial year.*
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 R91 million (2020: R107 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 is defined as any impairment of assets in terms of IAS 36 Impairment of Assets, any profit/loss on disposal of immovable property (not forming part of the land portfolio), the loss on derecognition of any item of property, plant and equipment or intangible asset that arises from events outside of the Group's normal business activities (e.g. expropriation).*
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. In the prior year, segment assets specifically included assets classified as held for sale, with the same definition and exclusions.*
7. *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.*
8. *Capital expenditure comprises additions to property, plant and equipment (including cane roots) as well as intangible assets.*

Reconciliation of segmental assets

R' million	31 March 2021	31 March 2020
Segment assets	**11 889**	**13 909**
Add: Excluded items	**1 387**	**4 239**
Deferred tax assets	165	593
Pension Fund Employer Surplus Account	105	277
Current tax assets	24	124
Derivative instruments	7	-
Discontinued operations	-	2 003
Cash and cash equivalents	1 086	1 242
Total assets	**13 276**	**18 148**

Reconciliation of segmental cash flows

R' million	31 March 2021	31 March 2020
Segment cash flows – continuing operations	**1 513**	**1 619**
Add: Excluded items	**(1 406)**	**410**
Taxation paid	(368)	(238)
Finance income	46	22
New capital – expansion	-	(322)
Establishing new cane roots	-	(31)
Proceeds on liquidation of pension fund	151	538
Proceeds on disposal of discontinued operations	4 744	-
Proceeds on disposal of businesses	495	-
Cash (outflow) / inflow in respect of discontinued operations	(158)	579
Net cash outflow from financing activities including net finance costs and dividends	(6 316)	(138)
Net increase in cash and cash equivalents	**107**	**2 029**

Geographical segments

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

R' million	South Africa	Mozambique	Zimbabwe	Rest of Africa	North and South America	Europe and Middle East	Asia - Pacific	Total
Revenue								
2021	5 298	1 304	5 192	1 952	441	222	509	**14 918**
2020	4 819	1 123	5 236	2 900	362	354	588	**15 382**

TongaatHulett

2. PROPERTY, PLANT AND EQUIPMENT

R' million	Land and Buildings	Cane Roots	Plant and Machinery	Transport and Vehicles	Irrigation Infrastructure and Equipment	Capital Work-in-Progress	Other Fixed Assets	Total
Balance at 1 April 2020	**1 067**	**523**	**3 104**	**200**	**675**	**380**	**64**	**6 013**
Additions	8	142	175	11	10	71	11	**428**
New expansion capital	*2*	*-*	*34*	*-*	*-*	*20*	*1*	***57***
Replacement and core capital	*6*	*142*	*141*	*11*	*10*	*51*	*10*	***371***
Businesses disposed of during the year	(12)	(35)	(3)	(7)	(30)	(1)	(10)	**(98)**
Disposals and scrapping	(1)	(2)	(13)	(2)	(16)	-	-	**(34)**
Current year depreciation charge	(24)	(79)	(214)	(29)	(21)	1	(22)	**(388)**
Transfers by asset category in / (out)	-	-	6	1	1	(8)	-	**-**
Impairments	(7)	-	(140)	-	(2)	-	-	**(149)**
Foreign currency translation, including the effect of hyperinflation	(187)	(90)	(383)	(33)	(121)	(76)	1	**(889)**
Net carrying amount as at 31 March 2021	**844**	**459**	**2 532**	**141**	**496**	**367**	**44**	**4 883**
Made up as follows:								
Cost	1 810	1 483	5 004	682	1 351	367	195	**10 892**
Accumulated depreciation and impairment	(966)	(1 024)	(2 472)	(541)	(855)	-	(151)	**(6 009)**
Net carrying amount:	**844**	**459**	**2 532**	**141**	**496**	**367**	**44**	**4 883**
Balance at 1 April 2019	**834**	**385**	**3 162**	**162**	**477**	**607**	**82**	**5 709**
Cost	1 815	2 123	6 595	713	1 400	625	339	13 610
Accumulated depreciation and impairment	(981)	(1 738)	(3 433)	(551)	(923)	(18)	(257)	(7 901)
Additions	14	100	36	5	13	366	4	**538**
New expansion capital	*-*	*31*	*-*	*-*	*7*	*315*	*-*	***353***
Replacement and core capital	*14*	*69*	*36*	*5*	*6*	*51*	*4*	***185***
Disposals and scrapping	(14)	(5)	(6)	(6)	(4)	(3)	-	**(38)**
Transfer of assets held for sale	(145)	-	(662)	(2)	-	(24)	(35)	**(868)**
Net reclassification (to) / from other assets	-	(1)	-	-	-	(4)	-	**(5)**
Current year depreciation charge	(30)	(130)	(339)	(29)	(35)	-	(20)	**(583)**
Transfers by asset category in / (out)	141	(1)	479	(11)	2	(638)	28	**-**
Reversal of impairments / (impairments)	(3)	(7)	(6)	1	(1)	12	-	**(4)**
Foreign currency translation, including the effect of hyperinflation	270	182	440	80	223	64	5	**1 264**
Net carrying amount as at 31 March 2020	**1 067**	**523**	**3 104**	**200**	**675**	**380**	**64**	**6 013**
Made up as follows:								
Cost	2 180	2 623	5 601	862	1 775	380	213	**13 634**
Accumulated depreciation and impairment	(1 113)	(2 100)	(2 497)	(662)	(1 100)	-	(149)	**(7 621)**
Net carrying amount:	**1 067**	**523**	**3 104**	**200**	**675**	**380**	**64**	**6 013**

* Fully-depreciated cane roots were erroneously not removed from the asset register in prior periods. The impact on net carrying amount is nil however both the cost and accumulated depreciation balances were reduced by R622 million.

Further information

Land

South Africa

The Company owns 14 616 gross hectares of land and the Group's South African subsidiaries own 1 902 gross hectares of land bringing the Group's total South African landholdings to 16 518 hectares. Some 11 164 gross hectares of the South African landholdings is used for a dual purpose, namely, for farming to supply sugarcane to the mills while at the same time progressing the land through the conversion cycle for future development and sale to third parties (including land that has been earmarked for social housing projects).

Zimbabwe

In 2005, the Government of Zimbabwe ("GoZ") expropriated land owned by Tongaat Hulett Zimbabwe, with no compensation. Upon expropriation, the land automatically became state-owned land but continued to be farmed by the Group. All expropriated land has been derecognised from the Group's statement of financial position. In July 2020, in order to secure its assets and provide certainty of tenure, the Group applied for 99-year leases on the designated agricultural land under its use, excluding areas that had been allocated to third party beneficiaries under the GoZ's land reform programme. The GoZ has since assured the Group that it will be granted security of tenure by way of 99-year leases. The GoZ has issued "institutional offer letters" to the Group to formalise the current arrangement whereby the Group continues to farm the land. The requisite physical planning and administrative processes are nearing completion, paving way for the imminent issuance of the 99-year lease. The leases have not been accounted for as the agreements have not yet been concluded.

The Group's Sugar Milling Licenses were renewed for another twenty-year period ending December 2040. These positive actions by the GoZ provide further confidence and stability to the operations.

Register of land and buildings

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

Cane roots

The majority of the Company-owned farmland is leased out to Uzinzo Sugar Farming Proprietary Limited (an associate entity) and other third-party growers after the Group took a strategic decision as part of the turnaround initiative to downscale its own farming activities. The leased-in farmland comprises freehold and communal land on which the Company has outsourced the farming activities to a third-party contractor for a performance-related management fee. Contractually all the sugarcane harvested on this land is required to be supplied to one of the Company's sugar mills.

The gross hectares of the Company-owned and leased-in land farmland will exceed the area under cane roots. Not all of the farmland can be planted with cane and a certain portion of the gross hectares will comprise farm roads, bush, sheds, and similar. The area under cane roots is per the table below:

Hectares	31 March 2021	31 March 2020
South Africa	20 613	21 351
Company-owned	7 535	7 640
Leased-in	13 078	13 711
Zimbabwe	25 543	25 355
Mozambique	19 187	19 078
Eswatini*	-	3 810
Total	**65 343**	**69 594**

** The Eswatini operation was disposed of with effect from 1 December 2020.*

Encumbrance

South Africa

As part of the debt restructure concluded with the lenders to the Company and its South African subsidiaries, property, plant and equipment with a carrying amount of R1 415 million (2020: R2 413 million, including the carrying amount of the starch operation's property, plant and equipment) have been pledged as security for the Company's borrowings. Mortgage bonds have been registered over the Company's land and buildings, and a general notarial bond has been registered over the Company's movable assets, including its sugar mills.

Mozambique

Houses and certain items of milling equipment of Tongaat Hulett Açucareira de Moçambique S.A. ("Mafambisse") with a carrying amount of R11 million (2020: R13 million) are encumbered as security for a working capital loan of R74 million (2020: R92 million). Certain immoveable assets of Tongaat Hulett Açucareira de Xinavane S.A. ("Xinavane"), comprising of a mill, a refinery and related building assets, with a carrying amount of R1 472 million (2020: R1 912 million) have been pledged as security for a term-loan of R466 million (2020: R602 million). In June 2020, the Group entered into a sale and leaseback transactions whereby its vehicle fleet was disposed of to a supplier, Unitrans Mozambique Limitada. Consequently, vehicles of Mafambisse, Xinavane and Tongaat Hulett Açúcar Limitada ("THA") with a carrying amount of R22 million (2020: n/a) are encumbered as security for borrowings of R73 million.

Impairment and reversal of impairment

In testing for impairment, the Group tests assets on an individual basis, unless they cannot generate cash inflows independently of other assets. Therefore, the Group has identified a number of cash-generating units ("CGUs") to which it has allocated its assets for impairment testing. The Botswana Sugar CGU is the only CGU to which goodwill is allocated. There has been no change in the CGU's since the prior year.

The Group recognised/(reversed) impairments in respect of the following CGUs, which were determined based on business operation and geographical area:

Cash-generating unit (CGU)	Segment	31 March 2021			31 March 2020		
		Property, plant and equipment	Goodwill and other intangibles	Total	Property, plant and equipment	Goodwill and other intangibles	Total
South African Sugar – Milling Operations	Sugar - South Africa	99	-	99	-	-	-
South African Sugar – Refining Operations	Sugar - South Africa	50	-	50	-	-	-
Impairment of individual assets *		-	(10)	(10)	4	-	4
Total net impairment loss / (reversal)		**149**	**(10)**	**139**	**4**	**-**	**4**

** During 2021, a previously recognised impairment of the Group's agricultural contractual management computer software was reversed after the project was successfully completed. In 2020, specific agricultural assets in Mozambique were impaired, largely as a result of cyclone-related damage.*

COVID-19 considerations

The Group's sugar operations were defined as essential services in each of their respective countries of operation and were therefore able to operate with fewer unavoidable disruptions caused by COVID-19 and the associated lockdown restrictions. The Group has used the experience gained over the past 15 months of the pandemic to analyse the impact on its operations. A potential risk identified is that it may take longer than anticipated to optimise production capacity and processes in light of increased absenteeism and/or delays in implementing necessary improvement projects. Consequently, the growth in production volumes in the financial forecasts has been tempered. There has been limited negative impact on the commercial aspects of the sugar businesses.

South African Sugar

Towards the end of 2021, the outlook for the South African Sugar operations was buoyed by the domestic economy showing signs of a recovery. The South African Government's Masterplan for the South African Sugar Value Chain came into effect in November 2020 with the intention to provide relief to the sugar industry. Demand for locally produced sugar recovered from 1.25 million tons to 1.48 million tons, although it remains below the 1.60 million tons achieved prior to the introduction of the Health Promotion Levy ("HPL"). Despite these positive developments, impairment indicators arose after the sugar mills were unable to crush the full season's cane supply and process inefficiencies at the refinery resulted in a 27 436 ton sugar stock loss. These combination of these two factors resulted in the business reporting an operating loss for the year. In 2020, the continued impact of the HPL on local market demand, substantial operating losses and the fragile domestic economic situation resulting from COVID-19 pandemic were impairment indicators.

The combination of a lower recoverable amount and a higher carrying value resulted in a R50 million impairment being recognised for the Refinery CGU. The recoverable amount reduced as production volumes and costs were revised for the learnings out of the sugar stock loss with the forecasts incorporating a higher allowance for yield losses, additional maintenance costs and increased capital expenditure.

In the previous year, in response to low capacity utilisation and high production costs, the Group mothballed the Darnall sugar mill ahead of the 2020/21 season. As this decision was an impairment indicator, management considered alternative uses for the mill, including a non-binding offer to purchase the assets, and did not impair the mill. The Darnall sugar mill has remained mothballed for the 2021/22 season and, with the exception of cane handling activities (necessary to divert cane to other mills) and some incidental utility operations, has not operated for the past 18 months. While the alternative uses for the mill remain feasible, they require a capital injection. The non-binding offer has now lapsed, there remains community unrest surrounding the decision not to reopen the mil and the costs estimates necessary to bring the mill back into operation have increased, particularly in light of some vandalism at the site. Consequently, the mill's plant and machinery with a carrying amount of R99 million has been impaired in full to nil value. Land, buildings and other assets with a carrying amount of R10 million remain at 31 March 2021 and have been included in the impairment testing of the Milling CGU.

The Agriculture CGU bore significant impairment losses in previous years, resulting in the various assets classes within the CGU being written down to fair value based on an expected financial outcome in the event that the CGU was liquidated. In the current year, the carrying amount of the CGU continues to exceed the estimated recoverable amount albeit by an immaterial amount. However, as the carrying amount of the CGU was already reduced to its residual value, no further impairment has been recognised.

While the outcome of the impairment testing did not result in any impairment of the Milling and Animal Feeds CGUs, headroom in the Animal Feeds CGU declined after the transfer price of molasses between the Milling and Animal Feeds CGU was revised to more closely resemble market related prices, and the allocation of central overheads was reviewed.

Zimbabwe Sugar

In previous years, a number of impairment indicators were identified for the Zimbabwe sugar operations, including the country experiencing a two year economic recession, declining GDP estimates, shortages of foreign currency and persistent drought conditions. In the current year, the economy has shown signs of a recovery with a significant improvement in GDP anticipated, supported by growth from the agricultural sector following an easing of drought conditions. Although annual inflation is stabilising, having reduced from 676% at 31 March 2020 to 229% at 31 March 2021, Zimbabwe remains a hyperinflationary environment which, together with the impact of the COVID-19 pandemic, places pressure on disposable incomes. As a result of fluid economic policies and limited access to foreign currency, an element of uncertainty and volatility remains in the economy which was considered an impairment indicator.

As a result of hyperinflation, the impairment test for the Zimbabwe operations was conducted using cash flow forecasts prepared in US Dollars. As the US Dollar was previously the functional currency of the Zimbabwe operations and remains an important measure of value within the economy, there is sufficient reliable historical financial information to provide a more stable basis on which to prepare long-term cash forecasts.

Mozambique Sugar

At a macroeconomic level, the COVID-19 pandemic hit the Mozambique economy as it was attempting to recover from the effects of Cyclone Idai and resulted in the country experiencing a contraction of GDP in real terms. Further pressure on the economy is expected as international investors suspended natural gas projects as a result of an insurgence in Northern Mozambique. In particular, this has resulted in a shortage of foreign currency liquidity in the country and a volatile exchange rate. The country remains one of the poorest in the world with very low sugar consumption of approximately 8 kilograms per capita. While the turnaround of the business continues to yield positive results (particularly in Mafambisse), operating losses in the agricultural activities continue albeit at reduced levels. A further impairment indicator arose in January 2021 when Cyclone Eloise caused some flood damage to fields at the Xinavane estate which has reduced estimate cane yields for the 2021/22 season.

Botswana Sugar

While there were no impairment indicators for the operation, the Botswana operation is required to be tested annually as it has an allocation of goodwill of R53 million (2020: R48 million).

Key assumptions utilised in the impairment testing

In respect of 31 March 2021 and 31 March 2020, the recoverable amount of the CGUs (with the exception of Botswana Sugar) was determined based on the fair value less costs of disposal ("FVLCD") taking into consideration the debt reduction plan. The recoverable amount of Botswana Sugar was determined based on its value in use ("VIU"). The calculations use cash flow projections for a five year period, based on financial budgets approved by management and taking into account the COVID-19 considerations described above. The cash flow beyond year five (i.e. the terminal cash flow) has assumed a steady state of growth with capital expenditure equal to depreciation, volumes and profit margins at year five levels, with the growth beyond year five resulting solely from price inflation.

At 31 March 2021, there was no indication that any previously recognised impairment losses on the Group’s CGUs should be reversed.

31 March 2021	Sugar - South Africa				Sugar - Zimbabwe [2]		Sugar - Mozambique		Other SADC
	Agriculture [1]	Milling	Refinery	Animal Feeds	Triangle	Hippo Valley	Xinavane	Mafambisse	Botswana
Basis of determining recoverable value	FVLCD	FVLCD	FVLCD	FVLCD	FVLCD	FVLCD	FVLCD	FVLCD	VIU
Recoverable value (R million)	387	847	655	236	1 890	1 968	2 317	437	889
Carrying amount (R million)	386	825	643	76	1 589	1 325	1 766	211	116
Fair value hierarchy	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3
Key assumptions:									
Discount rate - FVLCD (post-tax nominal)	12.6% – 13.1%	12.6% – 13.1%	12.6% – 13.1%	12.6% – 13.1%	19.4% – 19.9%	19.4% – 19.9%	15.6% – 16.1%	17.9% – 18.4%	-
Discount rate - VIU (pre-tax nominal)	-	-	-	-	-	-	-	-	10.7% – 11.2%
Perpetuity growth rate	4.7%	4.7%	4.7%	4.7%	2.2%	2.2%	5.5%	5.5%	3.6%
Period (years)	5	5	5	5	5	5	5	5	5
Key assumption sensitivities (R million)									
Impact on calculation of recoverable amount:									
Decrease in discount rate of 1% (increase in value)	54	78	153	33	144	125	239	51	135
Increase in discount rate of 1% (decrease in value)	(42)	(62)	(119)	(25)	(148)	(111)	(236)	(50)	(103)
Decrease in terminal growth rate of 0.5% (decrease in value)	(35)	(14)	(44)	(12)	(41)	(28)	(85)	(16)	(52)
Increase in terminal growth rate of 0.5% (increase in value)	39	15	50	15	22	30	50	10	60

[1] The carrying amount of the assets making up the South Africa Sugar - Agriculture CGU remains lower than their individual fair value and therefore no further impairment loss has been recognised.

31 March 2020	Sugar - South Africa				Sugar - Zimbabwe		Sugar - Mozambique		Other SADC
	Agriculture	Mills	Refinery	Animal Feeds	Triangle	Hippo Valley	Xinavane	Mafambisse	Botswana
Basis of determining recoverable value	FVLCD	FVLCD	FVLCD	FVLCD	FVLCD	FVLCD	FVLCD	FVLCD	VIU
Recoverable value (R million)	276	996	1 034	1 046	2 367	2 521	2 076	98	974
Carrying amount (R million)	360	779	389	67	1 418	1 268	2 066	46	185
Fair value hierarchy	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3	Level 3
Key assumptions:									
Discount rate - FVLCD (post-tax nominal) / VIU (pre-tax nominal)	16.0% – 16.5%	16.0% – 16.5%	16.0% – 16.5%	14.5% – 15.0%	18.8% – 19.3%	18.8% – 19.3%	21.8% – 22.4%	21.8% – 22.4%	10.6% - 11.4%
Perpetuity growth rate	4.8%	4.8%	4.8%	4.8%	0.0%	0.0%	6.3%	6.3%	2.9%
Period (years)	5	5	5	5	5	5	5	5	5

3. INVENTORIES

R' million	31 March 2021	31 March 2020
Raw materials	64	49
Finished goods	882	989
Consumables	745	584
Land in the development cycle	1 591	1 691
Planning expenditure	146	154
Development expenditure	1 271	1 357
Land	174	180
Inventory before allowance	**3 282**	**3 313**
Less: allowance for inventory write-downs	(27)	(32)
Net inventories	**3 255**	**3 281**
Carrying amount of inventory that has been written down to net realisable value	12	105

Further information

South African Sugar

Demand for locally produced sugar grew by 18% at the industry level. To support the increased demand and commitments under the Sugar Industry Masterplan, refined sugar production increased by c.40% to more than 450 000 tons. However, the considerable production ramp-up led to some process inefficiencies which resulted in a loss of c.27 436 tons of raw sugar.

The Group's total financial loss as a result of this incident was R369 million and is comprised as follows:

R 'million		Amount	Impact on profit from operations
Write-off of the inventory value		205	Increased cost of sales
Additional refinery processing costs		21	Increased cost of sales
Provision for financial impact of a lower share of the South African sugar industry *	- 2020/21 season	155	Decreased revenue
		(25)	Decreased cost of sales
	- 2021/22 season	15	Decreased revenue
		(2)	Decreased cost of sales
Total		**369**	

** For further details, refer to Note 9 Provisions*

In the context of the poor performance of the South African sugar operations in the current year, the Group's Remuneration Committee exercised discretion, available to it in terms of the incentive scheme rules, and reversed all short-term incentive awards. The employees affected by this decision are all those currently employed by the Group in South Africa. The estimated value of incentives that would have been payable exceeds R100 million.

Land in the development cycle

Certain of the Group's land in South Africa serves a dual purpose, namely, to support the cane supply to the mills while the land awaits future development and sale to property developers. The Group's land portfolio comprises some 16 518 hectares, of which 1 902 hectares has been classified as inventory and is able to be transacted as township property sales (i.e. land with full development rights) within a 3 year time horizon. This land is located in the following precincts: Umhlanga CBD and Ridgeside; Sibaya Coastal Precinct; Durban Aerotropolis and Cornubia. The balance of the land portfolio has longer-term development potential but is available for sale as agricultural land (i.e. land with no or partial development rights).

Land in the development cycle includes a property, with an extent of 20.6 hectares and a market value of R116 million (based on existing planning rights), which had not yet been sub-divided from another property that was sold and transferred to a customer. Consequently, the legal title to this property is held in the name of the customer without any purchase consideration being received by the Group. The property is subject to a 'take back arrangement' and the Group has protected its interest and retains control over in this property through a non-user servitude that prevents the customer from using the land. Once the outstanding sub-division has been received, the process to transfer the property back to the Group will commence.

COVID-19 considerations

The Group's land conversion and development business has been significantly affected by the economic downturn caused by the pandemic. While property sales volumes across the sector were down and achieved lower prices and the recovery is only expected in a year or two's time, various inquiries are received from potential customers seeking to invest against the cycle to position themselves for the economic recovery.

The Group engaged the services of an independent valuer, Broll Valuation and Advisory Services, to update the market value of its land portfolio. The valuation of the portfolio has declined by 25% from R11 106 million at 1 June 2019 to R8 326 million at 31 March 2021. While the property sales between the valuation date accounts for approximately 4% of the reduction, the balance can be linked to the impact of COVID-19 with lower expected sales prices and a decrease in the density of future property development. The valuation methodology has been disclosed under *Critical Estimates and Judgements* in the *Basis of Preparation*.

Extensive testing was performed to address the resultant risk that the carrying amount of the Group's landholding inventory may exceed its net realisable value. The assumptions were stress tested by reducing the property prices to the point that the future revenues to be realised from the precinct equated to the carrying amount of the inventory allocated to that same precinct. On average, selling prices could decline by 49% (relative to the updated valuation) before a further write-down of inventory would be required, though exceptions include two precincts of 16% and 23% which unfavourably impact the average. No net realisable value adjustments were required for the land inventory balances.

Encumbrances

The Company's inventory and the Group's holding of ‘Land in the development cycle’ with a total carrying amount of R2 165 million (2020: R2 258 million) have been provided as security for the South African borrowing facilities and the trade finance facilities provided by the South African Sugar Association.

In South Africa, sugar stocks with a carrying amount of R458 million (2020: R447 million) have been provided as security for the season-end trade finance provided by the South African Sugar Association.

Mortgage bonds have been registered over the Group's South African land holdings as security for the Company's South African borrowing facilities.

The balance of the Company's inventory has been provided as security for its borrowings in terms of the general notarial bond that has been registered over the Company's movable assets. These general notarial bonds were registered during the 2020 financial year.

Reconciliation of the allowance for inventory write-downs

R' million	31 March 2021	31 March 2020
At the beginning of the year	**32**	**16**
Additional write-down	1	20
Reversals	-	(2)
Transfer of assets held for sale	-	(7)
Foreign currency translation, including the effect of hyperinflation	(6)	5
At the end of the year	**27**	**32**

4. BIOLOGICAL ASSETS

R' million	31 March 2021 Livestock and Orchards	31 March 2021 Standing Cane	31 March 2021 Total	31 March 2020 Livestock and Orchards	31 March 2020 Standing Cane	31 March 2020 Total
Reconciliation of the carrying amount of biological assets						
Carrying amount at the beginning of the year	52	**2 520**	**2 572**	**33**	**1 519**	**1 552**
Changes in fair value:	8	(413)	(405)	14	**875**	889
(Loss) / gain arising from physical growth	10	(286)	(276)	-	146	146
(Loss) / gain arising from price changes	(35)	(86)	(121)	-	661	661
(Loss) / gain arising from changes in area farmed	-	(41)	(41)	-	68	68
Gain arising from natural growth in the herd	33	-	33	14	-	14
Businesses disposed during the year	(2)	(69)	(71)	-	-	-
Transfer to other assets	-	-	-	-	(86)	(86)
Foreign currency translation, including the effect of hyperinflation	(10)	(441)	(451)	5	212	217
Carrying amount at the end of the year	**48**	**1 597**	**1 645**	**52**	**2 520**	**2 572**

Further information

The Group's growing crops mainly comprise standing cane (i.e. sugarcane that is growing in the field) and the cane roots (i.e. bearer plant) from which the standing cane grows. Cane roots have been disclosed in Note 2. *Property, Plant and Equipmen*t. Incidental to its core operations, the Zimbabwe operation has a cattle ranching business with a livestock population of approximately 5 186 heads (2020: 6 000 heads). In addition, the Zimbabwe operation has a small citrus fruit business. The fair value of the livestock is determined with deference to prevailing market prices and on 31 March 2021 had a carrying amount of R40 million (2020: R 49 million). At 31 March 2021, the fruit orchards had a carrying amount of R8 million (2020: R 3 million).

The Group's capital commitment in terms of the Kilimanjaro project, in partnership with the Government of Zimbabwe, to expand the area under sugarcane by some 4,000 hectares has been disclosed in Note 14 *Commitment and Contingencies*.

Encumbrances

Biological assets in South Africa with a carrying value of R 144 million (2020: R135 million) have been provided as security for its South African debt facilities in terms of the general notarial bonds and mortgage bonds registered over the Company's South African assets.

Standing cane

Standing cane is measured at fair value and is categorised as Level 3 under the fair value hierarchy. Fair value is determined using assumptions for both the estimated physical quantity of cane in the field and the estimated price the standing cane will realise. The unobservable inputs for the quantity of the standing cane include the cane yield at the date of harvest, the estimated sucrose content at the date of harvest, and the average maturity of the cane at the valuation date (i.e. percentage growth). The unobservable inputs for the price of the standing cane include the sucrose price for the season, harvesting costs, transport costs, and over the weighbridge costs. Changes in the fair value are included in profit or loss, with a loss of R413 million (2020: R 875 million gain) being recognised in profit or loss in the current year. The key unobservable inputs used in determining fair value and a reconciliation of the change in fair value for the year are shown below.

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

	South Africa		Mozambique		Zimbabwe		Swaziland *
	2021	2020	2021	2020	2021	2020	2020
Hectares for harvest	12 706	13 509	17 287	19 078	23 158	23 776	3 810
Standing cane value (Rand per hectare)	11 340	9 990	19 447	20 710	48 235	78 551	32 034
Yield (tons cane per hectare)	56,5	58,0	71,2	74,8	103,8	107	112
Average maturity of cane as at 31 March (%)	52,6	55,2	68,6	66,1	62,1	65,4	66,6
Sugarcane tons (equivalent)	377 583	432 712	843 996	942 732	1 493 261	1 664 558	284 461
Sugarcane price per ton (Rand)	382	312	398	419	748	1 122	429
Sucrose price per ton (Rand)	5 119	4 391	5 075	4 611	6 225	8 929	3 892
Carrying amount as at 31 March (R' millions)	144	135	336	395	1 117	1 868	122
Changes in fair value (R' millions)	9	(13)	19	85	(388)	791	13

* The Tambankulu Estates Limited operation in Eswatini was disposed of during the financial year, please refer to Note 7 *Disposal of operations*.

Sensitivity analysis

The valuation of standing cane is most sensitive to the sucrose price per ton (i.e. price) and the yield (i.e. volume) assumptions. The sensitivity analyses below has been determined on the basis that the sucrose price per ton and yield assumptions for the 2021/22 season, which are inputs into the valuation model for standing cane at 31 March 2021, are replaced with the actual sucrose price per ton and actual yield achieved for the 2020/21 season.

	South Africa		Mozambique		Zimbabwe	
	%	Impact (R' million)	%	Impact (R' million)	%	Impact (R' million)
Sensitivity to yield assumption [1]	0,6%	0,9	(6,2%)	(20,9)	(4,5%)	(50,2)
Sensitivity to sucrose price assumption [2]	(2,8%)	(4,0)	(9,1%)	(30,6)	(0,5%)	(6,0)

1. A positive number indicates that the actual yield achieved in the 2020/21 season is higher than the assumed yield for the 2021/22 season. In this case, if standing cane was valued using the actual 2020/21 yield, it would reflect a higher carrying amount than what is reflected on the statement of financial position. For a negative number, the opposite is true.

2. A positive number indicates that the actual sucrose price achieved in the 2020/21 season is higher than the assumed sucrose price for the 2021/22 season. In this case, if the standing cane was valued using the actual 2020/21 price, it would reflect a higher carrying amount than what is reflected on the statement of financial position. For a negative number, the opposite is true.

At 31 March 2021, as the new sugar milling season had not yet commenced, all standing cane has not yet attained the appropriate age for harvesting (determined in months). In South Africa, the harvesting age of sugarcane ranges from 12 months to 24 months depending on the variety of sugarcane grown and the climatic conditions where the farm is located within the KwaZulu-Natal province. In Zimbabwe and Mozambique, the harvesting age is 12 months. If sugarcane is harvested earlier or later than its harvesting age, it can reduce the sucrose content extracted from the sugarcane and ultimately overall sugar production. To manage the risk of a decline in the fair value of its standing cane, the Group has implemented precision farming techniques and practices good agricultural husbandry to ensure that the sugarcane can be harvested in the condition intended.

Valuation process

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

5. TRADE AND OTHER RECEIVABLES

R' million	31 March 2021	31 March 2020
Trade receivables		
Trade receivables from contracts with customers relating to:	631	493
- sale of sugar and other related products	615	476
- sale of land	16	17
Less: allowance for expected credit losses	(32)	(35)
Net trade receivables	**599**	**458**
Other receivables subject to expected credit losses		
Infrastructure cost recovery	100	77
Pension fund employer surplus account	39	53
Overpayment of cane growers in Mozambique	61	49
Other receivables [1]	205	172
	448	**351**
Less: allowance for expected credit losses	(128)	(70)
Net other receivables subject to expected credit losses	**320**	**281**
Other receivables not subject to expected credit losses		
Deferred purchase consideration – Starch disposal	457	-
VAT receivable	160	127
Prepayments	285	193
Lease incentives	12	12
Total	**1 833**	**1 071**

[1] *'Other receivables' is comprised of numerous lower value items.*

Further information

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

Deferred purchase consideration – Starch disposal

The sale and purchase agreement for the disposal of the starch operation allowed for R450 million of the disposal proceeds to be retained in an escrow account for 12 months post the transaction closing date. This term caters for the possibility of claims being made by the acquiror, the KLL Group Proprietary Limited ("KLL Group"), against the Company under the warranties or other provisions of the agreement.

An escrow agreement was entered into between the Company, KLL Group and the banking institution, in terms of which, the Company is the escrow account holder however any withdrawals from the account requires joint approval from both KLL Group and the Company. The amount is held in a variable interest-bearing account. The Company is entitled to the interest at the end of the 12 month period.

On 1 November 2021, subject to there being no outstanding claims made by KLL Group any remaining balance will be released to the Company. If there are outstanding claims at 1 November 2021, then a portion of the monies held in escrow must be retained in escrow until finalisation of those claims, after which any remaining balance will be released to the Company.

There are various limitations of liability provisions in the sale and purchase agreement which restrict KLL Group's ability to bring claims against the Company (and so limit the ability of KLL Group to claim monies held in the escrow account). These include a provision preventing claims being brought against the Company for matters that are covered by a "warranty and indemnity" insurance policy that was concluded, 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). At the date of these annual financial statements, KLL Group had not notified the Company of any pending claims.

Impairment

The Group applies the IFRS 9 *Financial Instruments* ("IFRS 9") simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance ("ECL") for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. See Note 13 *Risk Management* for further details.

The expected loss rates are based on the payment profiles of sales over a period of time and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The measurement of the expected credit losses also reflects the credit insurance that the Group has taken out which is specific to each customer and reduces the ECL requirement where relevant. The expected credit loss reflects the risk that the insurer will default on payment of claims for losses incurred from any defaults by customers.

The loss rates applied are as follows:

Percentage	South African sugar operations	Zimbabwe sugar operations
Not past due	0,0%	0.0% - 3.0%
Less than 1 month past due	0,8%	2.0% - 10.0%
Between 1 to 2 months past due	5,4%	10.0% - 50.0%
Between 2 to 3 months past due	5,3%	10.0% - 100.0%
Greater than 3 months past due	21,5% - 27,2%	10.0% - 100.0%

For the Mozambique sugar operations, sales are mostly made to the DNA (industry body) which pays the balance owing (less a retention amount) one week after the sugar is produced regardless of when the sugar is delivered to the end-customer. The remaining trade debtors are assessed and allowance for ECL made individually due to the low number of customers.

For other receivables, the Group recognises a lifetime ECL allowance when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to a twelve-month ECL allowance.

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

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

The following table details the risk profile of trade receivables:

R' million	31 March 2021	31 March 2020
Past due:	**294**	**252**
Less than 1 month	208	157
Between 1 to 2 months	12	11
Between 2 to 3 months	9	5
Greater than 3 months	65	79
Not past due	**337**	**241**
Gross trade receivables	**631**	**493**
Less: allowance for expected credit losses	(32)	(35)
Net trade receivables	**599**	**458**

The following table details the risk profile of 'other receivables subject to expected credit losses':

R' million	31 March 2021	31 March 2020
Gross 'other receivables subject to expected credit losses'	**608**	**478**
Performing	274	394
Non-performing	281	41
In default	53	43
Less: allowance for expected credit losses	**(128)**	**(70)**
Performing	(33)	(9)
Non-performing	(42)	(19)
In default	(53)	(42)
Net 'other receivables subject to expected credit losses'	**480**	**408**

In determining the ECL, the history of customers who meet payment terms which are short-term has been taken into consideration, therefore resulting in a limited expected credit loss. See Note 13.2 *Financial risk management* for further details on the payment terms for the Group's customers.

The following tables show the movement in the allowance for ECLs that have been recognised for trade and other receivables in accordance with IFRS 9.

R' million	31 March 2021	31 March 2020
Analysis of movement in loss allowance on trade receivables:		
Balance at the beginning of the year	**35**	**55**
Increase in loss allowance recognised in profit or loss during the year	1	11
Reclassification to other receivables	-	(8)
Amounts written off as uncollectible	(1)	(3)
Amounts recovered during the year	(8)	(1)
Foreign currency translation, including the effect of hyperinflation	5	(19)
Balance at the end of the year	**32**	**35**

R' million	31 March 2021	31 March 2020
Analysis of movement in loss allowance on 'other receivables subject to expected credit losses':		
Balance at the beginning of the year	**70**	**108**
Increase in loss allowance recognised in profit or loss during the year	61	32
Reclassification to trade receivables	-	8
Amounts written off as uncollectible	(16)	(40)
Foreign currency translation, including the effect of hyperinflation	13	(38)
Balance at the end of the year	**128**	**70**

COVID-19 considerations

In the context of the COVID-19 pandemic and the economic disruption resulting from potential lockdown restrictions, the Group has further tightened its already robust credit process to ensure its financial assets are appropriately safeguarded. The Group's credit risk is inherently low as with the short credit terms available to customers, it is able to identify any risks early and limit any further exposure. In South Africa, credit terms are being strictly adhered to and where the customer is not covered by credit insurance, either an upfront cash payment or a guarantee from a financial institution is required to continue trading. Proactive monitoring of debtors is being carried out with the support of a third-party service provider, to flag any perceived change to any of its customers credit profiles that may indicate an increased level of credit risk. The majority of the Group's customers have been able to operate during the various lockdown levels which has provided a further level of assurance.

In determining the ECL allowance for 31 March 2020, the Group used a higher probability of default, particularly in its Zimbabwe operations, where economic conditions are toughest, and adjusted the potential loss to account for a reduction in the insured percentage communicated by the credit insurer as part of its own risk management processes. This approach has been retained for the current year. The Group remains well-positioned to withstand any consequential impact of the ongoing COVID-19 pandemic and management does not anticipate a material increase in the Group's ECL allowance.

Encumbrances

South Africa

Trade and other receivables of the Company and its South African subsidiaries, with a carrying amount as at 31 March 2021 of R618 million (2020: R484 million), have been pledged as security for the Company's borrowings.

6. CASH AND CASH EQUIVALENTS

R' million	31 March 2021	31 March 2020
Cash at banks and on hand	51	147
Cash at banks - available for debt reduction	175	707
Cash at banks - Zimbabwe dollars	188	192
Short-term deposits	55	56
Foreign currency cash balances	160	140
Cash and cash equivalents in the statement of financial position and cash flows	**629**	**1 242**

Further information

Cash at bank and in hand generally earns interest at rates based on the daily bank deposit rate.

As part of the South African debt restructuring, the Company lost access to its previous cash management solutions and its ability to transfer positive cash balances against short- term borrowings without notice. Consequently, at year-end the Company had cash balances totalling R175 million (2020: R707 million) that were available to reduce borrowings, but which had not been applied against the revolving credit facility due to a requirement to give five days' notice of such repayments.

Short-term deposits generally comprise deposits placed on money markets for periods of up to three months which earn interest at a short-term deposit rate. The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturity of the instruments.

Foreign currency cash balances are predominantly held by the Zimbabwean subsidiaries. These foreign currency cash balances are held for the maximum permissible time as a mechanism to protect against the devaluation of the local currency, and during this time act as an economic hedge of its foreign currency borrowings. At 31 March 2020, in terms of the Reserve Bank of Zimbabwe's regulations, 20% of all offshore export proceeds received by the Group's Zimbabwe operations had to be compulsorily converted to local currency balance with no restriction how long the 80% could be retained. Over the course of the 2021 financial year, this surrender ratio was increased to 30% (August 2020) and then again to 40% (January 2021), with a restriction on the time period for which foreign currency cash balances can be held introduced, and then ultimately scrapped.

Encumbrances

Bank balances of the Company and its South African subsidiaries, with a carrying amount of R177 million at 31 March 2021 (2020: R762 million), have been pledged as security for the Company's South African borrowing facilities.

Repatriation of cash balances from Zimbabwean subsidiaries

Cash balances held by the Zimbabwean subsidiaries and denominated in Zimbabwe Dollars totalled R 188 million (2020: R 192 million). As the Zimbabwe operations are exporters and have regular access to foreign currency denominated cash balances, they are not able to participate in the weekly foreign currency auctions. This, combined with a general shortage of foreign currency liquidity in the market, does affect the Group's ability to utilise these cash balances outside of Zimbabwe within the requirements of the Reserve Bank of Zimbabwe is constrained.

7. DISPOSAL OF OPERATIONS

Disposal of the Starch Business (Starch Operations Segment)

The disposal of the Group's starch and glucose operation ("Starch Business"), including the Group's shares in Tongaat Hulett Starch Proprietary Limited, to KLL Group Proprietary Limited ("KLL Group"), a wholly-owned subsidiary of Barloworld Limited became effective on 31 October 2020, upon fulfilment or waiver of all suspensive conditions, including the final and binding determination by Rothschild and Co South Africa Proprietary Limited (an "Independent Expert") that a material adverse change had not occurred.

The Independent Expert was appointed to resolve a dispute that arose after KLL Group issued a notice in May 2020 stating that it had formed the view that the COVID-19 global pandemic and the consequences therefore (particularly the impact on sales to the alcoholic beverage industry) was a material adverse change would result in the EBTIDA of the Starch Business for the year ending 31 March 2021 to be 82.5% or less than the previous financial year.

The KLL Group paid R4 986 million (the "Initial Amount"), being an estimate of the final purchase consideration based on financial position of the Starch Business at 30 September 2020. Of this amount R450 million has been 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. Once the 31 October 2020 closing accounts were finalised the final purchase consideration was determined and a further payment of R274 million was made by KLL Group, followed by a final payment of R46 million related to various cash balances that for practical reasons had to be transferred with the Starch Business. The proceeds received were used to settle the Group's South African borrowings. The Group recognised a profit on disposal of R3 498 million during the year ended 31 March 2021. The Starch Business was classified as held for sale in the prior year and disclosed as a discontinued operation.

Disposal of the Eswatini Operations (Sugar Operations Segment)

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"). 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. The final adjustment to the purchase price for normalised working capital, capital expenditure and investment disposal proceeds was agreed on 5 June 2021 and an amount of R25 million has been recognised as a receivable at 31 March 2021. The Group received the R25 million proceeds from EPSPF on 14 June 2021. The proceeds received were used to settle the Group's South African borrowings. The Group recognised a profit on disposal of R193 million during the year ended 31 March 2021. Tambankulu was not classified as held for sale in the prior year as the decision to enter in a sale agreement had not been reached by 31 March 2020. Tambankulu has not been disclosed as a discontinued operation as it is not considered to be a major separate geographical area of operation.

Disposal of the Namibia Operations (Sugar Operations Segment)

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 recognised a total profit on disposal of R182 million during the year ended 31 March 2021. The Group's share of the purchase consideration of R112 million was received on 1 July 2020, however subsequent to that a post-closing working capital adjustment of R15 million was settled in favour of Bokomo during the year ended 31 March 2021. The proceeds received were used to settle the Group's South African borrowings. While TH Namibia was classified as held for sale, it was not disclosed as a discontinued operation as it is not considered to be a major separate geographical area of operation.

The following table presents details of the assets and liabilities that have been classified as held for sale.

	31 March 2021	31 March 2020		
	Total	Starch Business (Starch segment)	TH Namibia (Other SADC segment)	Total
Assets classified as held for sale				
Property, plant and equipment	-	868	6	874
Right-of-use assets	-	24	1	25
Goodwill	-	-	6	6
Intangible assets	-	41	-	41
Deferred tax assets	-	1	-	1
Inventories	-	482	82	564
Trade and other receivables	-	564	35	599
Derivative financial instruments	-	23	4	27
Cash and cash equivalents	-	-	2	2
Total assets classified as held for sale	**-**	**2 003**	**136**	**2 139**
Liabilities directly associated with assets classified as held for sale				
Deferred tax liabilities	-	174	2	176
Lease liabilities	-	26	1	27
Borrowings	-	227	34	261
Trade and other payables	-	418	43	461
Derivative financial instruments	-	3	-	3
Current tax liabilities	-	5	2	7
Total liabilities directly associated with assets classified as held for sale	**-**	**853**	**82**	**935**
Net assets	**-**	**1 150**	**54**	**1 204**

Details of discontinued operations

Statement of financial position at the effective date of the disposal

R' million	Starch Business 31 October 2020
Assets classified as held for sale	
Property, plant and equipment	930
Right-of-use assets	20
Intangible assets	42
Investments in subsidiaries and joint operations	15
Amounts owing by Group companies	58
Deferred tax assets	-
Inventories	807
Trade and other receivables	753
Derivative financial instruments	16
Cash and cash equivalents	30
Total assets of the disposal group classified as discontinued operations	**2 672**
Liabilities directly associated with assets classified as held for sale	
Deferred tax liabilities	-
Lease liabilities	23
Amounts owing to Group companies	85
Provisions	8
Borrowings	507
Trade and other payables	334
Current tax liabilities	-
Total liabilities of the disposal group classified as discontinued operations	**957**
Net carrying amount of the disposal group	**1 715**
Total consideration for the disposal of discontinued operations, net of transaction costs	**5 213**
Consideration received	4 856
Transaction costs	(93)
Consideration held in escrow	450
Gain on the disposal of discontinued operations	**3 498**
Taxation	**(408)**
Net gain on disposal of discontinued operations	**3 090**

Transaction costs of R93 million, in addition to the success fees, included the costs associated with defending the dispute over whether a material adverse change had occurred or not, as well as a loss of R24 million on the settlement of post-retirement medical obligations for the transferring employees.

Financial performance and cash flow information

The financial performance of the Starch Business for the twelve months ended 31 March 2020 and the seven months ended 31 October 2020 is as follows:

R' million	31 October 2020	31 March 2020
Revenue	**2 494**	**4 274**
Cost of sales	(1 937)	(3 329)
Gross profit	**557**	**945**
Marketing and selling expenses	(26)	(49)
Administrative and other expenses	(159)	(287)
Other operating income	5	7
Operating profit	**377**	**616**
Net finance costs	(18)	(57)
Profit before tax	**359**	**559**
Taxation	(101)	(166)
Profit from discontinued operations	**258**	**393**
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year from discontinued operations	**258**	**393**

The cash flow of the Starch Business for the twelve months ended 31 March 2020 and the seven months ended 31 October 2020 is as follows:

R' million	31 October 2020	31 March 2020
Net cash inflow generated from operating activities	(124)	481
Net cash outflow from investing activities	(59)	(43)
Net cash outflow from financing activities	188	(49)
Net increase in cash and cash equivalents	**5**	**389**

Proceeds on disposal of operations

The proceeds on disposal of operations disclosed in the statement of cash flows is as follows:

	Disposal of discontinued operation	**Disposal of business**	
R' million	Starch operation	Eswatini operation	Namibia operation
Purchase consideration for the disposal of the operation	**5 306**	**400**	**220**
Amounts held in escrow	(450)	-	-
Transaction costs	(93)	(10)	-
Cash and cash equivalents of disposal group	(19)	(90)	-
Receivable for the balance of the purchase consideration	-	(25)	-
Proceeds on disposal of operation	**4 744**	**275**	**220**

TongaatHulett

8. BORROWINGS

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

R' million	Currency	Interest Rate %	31 March 2021	31 March 2020
Borrowings in functional currency				
Secured borrowings at amortised cost				
Senior term loan	ZAR	JIBAR (1 month) plus 4.60% - 5.85%	3 330	8 592
Senior revolving credit loan	ZAR	JIBAR (1 month) plus 5.13% - 6.36%	1 550	1 550
Seasonal senior revolving credit loan	ZAR	JIBAR (1 month) plus 5.11% - 6.66%	-	-
Seasonal senior term loan	ZAR	JIBAR (1 month) plus 3.55% - 4.95%	-	-
General short-term	ZAR	Prime – Prime plus 1.15%	236	-
Trade finance - Sugar	ZAR	None	816	775
Term loan	MZN	Lower of MZ prime rate less 2.0% and 16.0%	466	602
Sale and leaseback obligation	MZN	43.6% - 52.3%	73	-
Other short-term	MZN	MZ prime rate less 1.4%	67	93
Short-term liquidity	MZN	MZ prime rate less 0.5%	-	182
Project finance	ZWL	40% - 48%	24	95
Unsecured borrowings at amortised cost				
Tongaat Hulett Pension Fund	ZAR	5.8%	96	108
Other short-term	MZN	14.2% - 19.0%	428	467
General short-term	ZWL	55%	-	14
			7 086	**12 478**
Borrowings not in functional currency				
Secured borrowings at amortised cost				
Term loan (Zimbabwe)	USD	US LIBOR (3 month) plus 7.5%	60	-
Unsecured borrowings at amortised cost				
Term loan (Zimbabwe)	USD	US LIBOR (3 month) plus 4.5%	-	121
Term loan (Zimbabwe)	USD	12.0%	5	-
General short-term (Mozambique)	USD	US LIBOR (3 month) plus 3.5%	70	85
			135	**206**
Unamortised transaction costs relating to the South African facilities			**(22)**	**(88)**
Total borrowings			**7 199**	**12 596**
Categorised as follows:				
Current			7 121	12 439
Non-Current			78	157
			7 199	**12 596**

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 nine 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.

In anticipation 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, management engaged in negotiations in respect of a second restructure of the senior debt facilities. The amended and restated CTA and facility agreements were signed on 4 November 2020 with the most significant amendments being the extension of the maturity date of Senior Facility A and Senior Facility B to 30 September 2021, the extension of the maturity date of Senior Facility C and Senior Facility D to 31 March 2022, the revision of the default debt reduction milestones and the revision of the financial covenants. Subsequently, the Company and SA Lender Group concluded further amendments to the signed debt transaction default milestones to avoid potential events of default. The terms of the amended and restated CTA and facility agreements are summarised below.

Detail	Senior Facility A	Senior Facility B	Senior Facility C	Senior Facility D
Facility amount	R3 330 million	R2 200 million	R553 million	R47 million
Utilised as at 31 March 2021	R3 330 million	R1 550 million	R nil	R nil
Type	Senior Term Loan Facility	Senior Revolving Credit Facility	Seasonal Senior Revolving Credit Facility	Seasonal Senior Term Loan Facility
Purpose	To refinance the financial indebtedness under the Existing SA Facilities.	To refinance any residual financial indebtedness following application under the Existing SA Facilities, and, thereafter, Facility B may be used for general corporate and working capital purposes.	To finance the working capital requirements of the South African sugar business, specifically during the peak of the seasonal sugar working capital cycle. The facilities are to be settled on 31 March each financial year when trade finance from the South African Sugar Association ("SASA") is received.	
Interest rate	Margin (as applicable) + JIBAR (1 month)			
Margin per facility agreements	5.73% per annum	6.42% per annum	6.07% per annum	4.40% per annum
Weighted average interest rate	8.96%	9.07%	9.42%	7.79%
Margin applicable at 31 March 2021	The margins below include 6 downward interest rate ratchets and 2 upward interest rate ratchets (including the impact of the final pricing milestone at 31 March 2021)			
	5.48% per annum	5.94% per annum	6.34% per annum	4.67% per annum
Interest period	Cash interest is to be settled at the end of each interest period through cash from operations. The ability of the Company to elect the duration of any Interest Period (1 month vs 3 month) was 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.			
Cash interest, roll-up interest and Payment-In-Kind ("PIK") interest	The cash interest rate is calculated as the aggregate of JIBAR plus a cash interest spread of 2.7% and is settled at the end of each interest period. The total effective interest rate per facility is determined at each of the pricing milestone measurement dates, after taking into consideration the cumulative impact of the margin ratchets. The margin ratchets step the interest rate up or down dependant on how many cumulative pricing milestones have been met or missed at each measurement date. The range of the impact of margin ratchets encompass the spread between investment grade margins (between 2.6% and 3.5%) and equity margins (between 13.8% and 14.8%) for each facility. These pricing milestones were not revised in the amended and restated CTA concluded on 4 November 2020. Roll-up interest accrues on each facility and is settled through proceeds received from debt reduction transactions and/or voluntary repayments from operational cash flows. PIK interest also accrues on each facility and is only settled through proceeds received from debt reduction transactions. The PIK interest accrues from the test date used to determine whether a milestone has been achieved or missed. If a previously met milestone subsequently fails (e.g. a deal is cancelled) the PIK interest is applied retrospectively as if the milestone was never achieved. The relevant step down and step up margin ratchets per pricing milestone for each of the facilities are outlined below.			
	Step Down 0.38%	Step Down 0.43%	Step Down 0.32%	Step Down 0.28%
	Step Up 1.00%	Step Up 1.04%	Step Up 1.10%	Step Up 0.98%

<table>
<tr><th>Detail</th><th>Senior Facility A</th><th>Senior Facility B</th><th>Senior Facility C</th><th>Senior Facility D</th></tr>
<tr><td>Final repayment 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 a ‘clean down’ provision (see below).</td></tr>
<tr><td>‘Clean down’ provision</td><td>n/a</td><td>n/a</td><td colspan="2">Senior Facility C and Senior Facility D shall be repaid in full on 31 March of each financial year. Repayment shall be made from the trade finance provided from the South African Sugar Association for the relevant season and, if insufficient, additional repayments from the Company's internally generated cash.</td></tr>
<tr><td>Conversion or redemption rights</td><td>None</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Commitment fee</td><td colspan="2">N/A</td><td colspan="2">0.35% of the Margin (plus VAT thereon) on the unutilised and uncancelled amount of Senior Facility B, Senior Facility C and Senior Facility D, as applicable.</td></tr>
<tr><td>Debt reduction strategy and milestones</td><td colspan="4">
The debt reduction milestones were renegotiated, 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
Milestones used to determine pricing margin ratchets remain unchanged and are set out in the table below. However, milestone dates for the purposes of testing and calculating the prevailing interest rate of the facilities were 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.
<table>
<tr><th>Pricing Milestone Date</th><th>Signed Debt Transaction Agreements (cumulative)</th><th>Debt Reduction Proceeds (cumulative)</th></tr>
<tr><td>30 November 2019</td><td>ZAR 500 000 000</td><td>ZAR 0</td></tr>
<tr><td>31 March 2020</td><td>ZAR 4 000 000 000</td><td>ZAR 0</td></tr>
<tr><td>30 June 2020</td><td>ZAR 6 000 000 000</td><td>ZAR 500 000 000</td></tr>
<tr><td>30 September 2020</td><td>ZAR 8 100 000 000</td><td>ZAR 4 000 000 000</td></tr>
<tr><td>31 December 2020</td><td>ZAR 8 100 000 000</td><td>ZAR 6 000 000 000</td></tr>
<tr><td>31 March 2021</td><td>ZAR 8 100 000 000</td><td>ZAR 8 100 000 000</td></tr>
</table>
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 equal to or higher than the amount in the second column; and collected 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 an event of default.
<table>
<tr><th>Milestone Default Test Date</th><th>Signed Debt Transaction Agreements (cumulative)</th><th>Debt Reduction Proceeds (cumulative)</th></tr>
<tr><td>30 November 2019</td><td>ZAR 500 000 000</td><td>ZAR 0</td></tr>
<tr><td>31 March 2020</td><td>ZAR 4 000 000 000</td><td>ZAR 0</td></tr>
<tr><td>30 June 2020</td><td>ZAR 6 000 000 000</td><td>ZAR 500 000 000</td></tr>
<tr><td>31 December 2020</td><td>ZAR 6 000 000 000</td><td>ZAR 5 500 000 000</td></tr>
<tr><td>30 April 2021
(previously 31 March 2021)</td><td>R6 400 million
(previously R8 100 million)</td><td>ZAR 6 000 000 000</td></tr>
<tr><td>13 July 2021
(previously 30 June 2021)</td><td>R6 400 million
(previously R8 100 million)</td><td>ZAR 6 000 000 000</td></tr>
<tr><td>30 September 2021</td><td>ZAR 8 100 000 000</td><td>ZAR 8 100 000 000</td></tr>
</table>
At 31 March 2021, the Company had paid cumulative debt reduction proceeds of R6 006 million to the SA Lender Group and had therefore achieved the R6 000 million debt reduction proceeds milestone. Debt reduction transaction agreements totalling R6 566 million had been signed at 31 March 2021, which fell short of the R8 100 million milestone required. In order to prevent an event of default from occurring, the Company and the SA Lender Group amended the milestone measurement date from 31 March 2021 to 30 April 2021. The extension provided sufficient time to conclude an amendment of the milestone quantum from R8 100 million to R6 400 million and avoid an event of default.
</td></tr>
</table>

<table>
<tr><th>Detail</th><th>Senior Facility A</th><th>Senior Facility B</th><th>Senior Facility C</th><th>Senior Facility D</th></tr>
<tr><td rowspan="2">Debt reduction strategy and milestones (continued)</td><td colspan="4"> Debt reduction proceeds are be applied as follows:
first, towards the payment of all costs, expenses, losses, taxes and/or breakage costs then payable to the lenders;
second, towards the payment of accrued and unpaid interest (including "roll-up" interest but excluding PIK Interest) and fees under the facilities;
third, towards the prepayment of the principal amount of the Facility A Loan and Facility B Loans and the pro tanto cancellation of Facility B Commitments, provided that prepayments are first applied to the Facility A loan to the extent it remains outstanding;
fourth, towards the prepayment of the principal amount of the Facility C and Facility D Loans and the pro tanto cancellation of Facility C and Facility D Commitments;
fifth, towards the repayment and/or prepayment of all amounts owing under the ancillary facilities (excluding asset-backed facilities or derivative facilities not subject to an ISDA master agreement) and the overdraft facilities, and the pro tanto cancellation of the overdraft facility commitments;
sixth, towards paying accrued unpaid PIK Interest;
seventh, towards prepayment of facilities provided to the Starch business; and
eighth, towards the prepayment and/or repayment of asset-based ancillary facilities or derivative facilities no subject to an ISDA master agreement; </td></tr>
<tr><td colspan="4">All proceeds received from SASA in connection with any funding made available by SASA shall first be applied in mandatory prepayment and cancellation of Facility C Loans and Facility D Loans, and any balance remaining following such application can be applied for general corporate purposes.</td></tr>
<tr><td>Financial covenants</td><td colspan="4"> The financial covenants were revised in their totality from leverage multiples (i.e. the ratio of total debt to EBITDA) to financial targets set and measured on a quarterly basis as detailed below. Failure to meet these covenants is an event of default.
<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).

Owing to the worse than expected financial performance in the fourth quarter, the Company breached its EBITDA and Free Cash Flow financial covenants for the quarter ended 31 March 2021. The Company, due to the better than expected performance during the previous three quarters, did however meet its year to date covenants at 31 March 2021. At the Company's request, the SA Lender Group waived the above-mentioned financial covenant breach on 12 July 2021. </td></tr>
</table>

Detail	Senior Facility A	Senior Facility B	Senior Facility C	Senior Facility D
Security	• Mortgage bonds registered over immovable properties owned by the Company's South African subsidiaries, excluding certain properties where commercial negotiations had been concluded or were at an advanced stage prior to the refinancing. • General notarial bonds over movable assets of the Company's South African businesses. • Cession and pledge over all shares, claims, insurances, intellectual property, bank accounts and investments of the Company's South African businesses. • The security is first in ranking. If an insolvency event occurs (including, without limitation, the filing of a liquidation application or the commencement of business rescue proceedings), then Senior Facility C and Senior Facility D shall rank in priority to Senior Facility A, Senior Facility B, the Overdraft Facilities and the Ancillary Facilities			

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.

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 stocks that have 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

The Tongaat Hulett Pension Fund 2010 ("THPF2010"), a defined contribution plan, advanced a portion of the employer surplus account to the Company as an interest-bearing loan. The loan bears interest at a floating rate linked to the rate of return on the THPF2010's money market funds plus a premium of 0.75%. The loan is repayable on demand. In terms of Section 19(5) of the Pension Funds Act 1956, the amount invested by a fund in the participating employer cannot exceed 5% of the fund's assets. During the year, the pension fund's assets declined as a result of the disposal of operations, resulting in the Company repaying R12 million of the loan to ensure the limit was adhered to.

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 R922 million are available, of which R372 million was utilised as at 31 March 2021.

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

Mozambique

On 18 December 2019, the Group concluded a debt standstill agreement with its seven lenders in Mozambique ("the Mozambique Lender Group), having commenced the negotiations in May 2019 to refinance the Mozambique debt facilities. The refinancing of the Mozambique debt facilities has been agreed with the Mozambique group lenders and a credit approved term sheet was signed on 26 June 2021. Furthermore, the maturity date of the debt standstill agreement that was concluded with the Mozambique group lenders on 18 December 2019, was on 7 July 2021, extended from 30 June 2021 to 31 July 2021. Long form agreements are well progressed, and the refinancing of the Mozambique debt facilities is expected to be concluded by 15 July 2021. Refer to Note 17 *Events occurring after the reporting period* for further details relating to refinancing of the facilities in Mozambique.

The short-term liquidity facility of R182 million that was outstanding at 31 March 2020 was fully repaid during the year and it is no longer available for drawdown. The facility was secured by a trade receivable from the sugar industry.

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 was recognised at inception of the lease and is repayable over the five year contractual lease term. The effective interest rate ranges from 44% to 52% 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. The proceeds from this transaction were used to repay the Mozambique Lender Group.

Encumbrances

Buildings, plant and machinery of the Mozambique subsidiaries with a book value of R1 506 million (2020: R1 925 million) are encumbered as security for the long-term borrowings and certain short-term borrowings totalling R606 million (2020: 694 million).

Zimbabwe

At 31 March 2020, the Group's borrowings in Zimbabwe totalled R89 million (2020: R230 million), as set out below:

- On 2 September 2020, Triangle Limited refinanced the outstanding term loan facility with an alternate lender. The new facility of R103 million (US$ 7.0 million) is repayable in monthly instalments up to and including November 2021. The loan bears interest at a floating rate of US LIBOR (3 month) plus 7.5% (March 2020: US LIBOR (3 month) 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. The balance as at 31 March 2021 was R60 million (US$ 4.1 million) compared to R121 million (US$ 6.8 million) as at 31 March 2020.

- Hippo Valley Estates Limited has access to annually renewable ZWL denominated overdraft facilities of R56 million to support the peak working capital requirement of the sugar season. At 31 March 2021, these facilities were not utilised (2020: R14 million was utilised).

- The Lowveld Sugarcane Development Trust raised term loans totalling R24 million (2020: R95 million) to partially fund a 4 000 hectare expansion of the area under cane that supplies the Group's two sugar mills. The loans are repayable by 31 March 2024, bear interest at fixed rates of between 40% and 48%, and are secured by a “crop stop order” over the proceeds from the sale of the sugarcane.

9. PROVISIONS

	31 March 2021			31 March 2020		
R' million	Provision for Development Expenditure	Other Provisions	Total	Provision for Development Expenditure	Other Provisions	Total
Balance at beginning of the year	**1 370**	**8**	**1 378**	**1 335**	**8**	**1 343**
Additional provision recognised	44	143	**187**	14	-	**14**
Utilised during the year	(82)	-	**(82)**	(72)	-	**(72)**
Unwinding of discount	124	-	**124**	130	-	**130**
Transfer from deferred taxation	-	100	**100**	-	-	**-**
Changes in the discount rate and expected future cash flows						
- Charged to profit and loss	(52)	-	**(52)**	(13)	-	**(13)**
- Charged to inventory	(48)	-	**(48)**	(24)	-	**(24)**
Balance at end of the year	**1 356**	**251**	**1 607**	**1 370**	**8**	**1 378**
Analysed as follows:						
Non-current	1 016	108	1 124	682	8	690
Current	340	143	483	688	-	688
	1 356	**251**	**1 607**	**1 370**	**8**	**1 378**

Further information

Development expenditure

When the Group sells a township property it is responsible, both contractually and in terms of legislation, to provide engineering services to support the development of the land, and to deliver on various commitments made to customers in respect of the precinct as a whole (i.e. common costs). Engineering services and common costs are collectively referred to as development expenditure. The Group recognises a provision for the unavoidable costs to provide the common costs.

Engineering services are the systems for the provision of water, sewerage, electricity, municipal roads, stormwater drainage and solid waste collection. Internal engineering services (commonly referred to as basic infrastructure) are the public infrastructure within the boundary of the land to be developed and are the responsibility of the Group. The Group recognises a provision for the estimated costs to provide the internal engineering services. External engineering services (commonly referred to as bulk infrastructure) are required to be installed outside the boundary of the land to be developed by the municipality. As the Group has regularly entered into cost-sharing arrangements with the municipality and assumed responsibility large portions of these bulk infrastructure obligations to stimulate development, a provision is raised for the Group’s estimated contribution to these external engineering services.

The provision for development expenditure is allocated to the various components as follows:

R’ million	31 March 2021	31 March 2020
Internal engineering services (also known as basic services)	438	439
External engineering services (also known as bulk infrastructure)	793	774
Common costs (in respect of the precinct as a whole)	125	157
Total	**1 356**	**1 370**

The provision for the development expenditure represents the estimated cost to complete the required engineering services within precincts that are currently under development and where township property sales have commenced. The basis of estimating the provision for development expenditure is disclosed under *Critical estimates and judgements*.

Development expenditure is funded from the proceeds received from township properties already concluded and future township property sales within the precinct. The Group’s general corporate borrowing facilities are utilised to fund any timing mismatch that arises.

It is anticipated that 25,1% (R 340 million) of the provision as at 31 March 2021 will be utilised during the next reporting period with the remaining 74,9% (R 1 016 million) being incurred in the 2023 financial year and beyond. The extent to which the provision is utilised is dependent on the progress made on obtaining the relevant planning rights and installing the engineering services and therefore could be adversely impacted by delays caused by COVID-19 and any related suspension of economic activities by Government.

A six-month delay in obtaining the planning approvals and/or the installation programme would result in a reduction in the total provision of R43 million (i.e. due to discounting), while current portion of the provision would reduce from R340 million to R94 million.

Sensitivity analysis

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

	2021		2020	
R' million	**Assumption**	**Sensitivity**	**Assumption**	**Sensitivity**
1% increase in discount rate	11,0%	(32)	10,7%	(17)
1% decrease in discount rate	11,0%	33	10,7%	17
10% increase in Group's contribution to bulk infrastructure	58%	75	56%	77

Other provisions

Site restoration

Other provisions include an obligation of R8 million (2020: R8 million) for site restoration and other environmental remediation relating to the closure of the Sorbitol plant by the Starch Business in 2018. The assets of the Sorbitol plant have been fully impaired and, together with the site restoration obligation, did not form part of the assets disposed of to KLL Group.

Refinery stock loss

The 2020/21 season-end stock count on 2 March 2021 identified a raw sugar stock loss of c.25 216 tons which, upon further investigation, was determined to be as a result of production inefficiencies at the refinery. The stock loss was split into two components: (i) locally produced raw sugar of 21 491 tons intended for refining and sale into the domestic market; and (ii) raw sugar purchased from the South African Sugar Association ("SASA") of 3 725 tons intended for refining and sale into export markets.

The Company suffered a further stock loss of 2 220 tons between 3 March 2021 and the 31 March 2021 financial year end that will impact the 2021/22 season.

The outcome of the investigation into the stock loss was communicated to SASA post the finalisation and distribution of the industry proceeds for the 2020/21 season. Consequently, the Company inadvertently declared saleable sugar production (525 297 tons) and a share of industry (26.0%) that were overstated and was paid too high a share of the industry proceeds on that basis. Saleable sugar production should have been 503 806 tons (i.e. 21 491 tons lower) with the share of industry equating to 25.2%. For context, in the 2019/20 season the Company's saleable sugar production was 592 983 tons (26.8% share of industry).

The Company has made representations to SASA concerning alternate options to adjust the industry proceeds for the sugar loss. SASA has appointed a sub-committee of the Finance and Administration Committee to review the options at hand. Due to the uncertainty of both the timing and amount, a provision of R130 million has been recognised for the financial impact of a 0.8% reduction in the Company's share of the industry for the 2020/21 season.

A further provision of R13 million has been recognised in respect of the stock loss, that occurred between 3 March 2021 and 31 March 2021. In total, R143 million has been recognised for the reduction in the Company's share of the industry caused by the stock loss.

Taxation

Other provisions include an amount of R100 million in respect of the Group's uncertain tax position arising from outstanding and unresolved tax matters, in particular within Mozambique where a tax query remains unresolved. The provision represents managements best estimate of the amount and likelihood of any potential liability. Refer to Note 11 *Taxation* for further details.

10. REVENUE

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

R' million	31 March 2021	31 March 2020
Revenue from contracts with customers is disaggregated below:		
Sugar operations		
South Africa	**5 896**	**5 294**
Sugar sales - local market	5 042	3 535
Sugar sales - export market	852	1 296
Sugar sales - redistribution	(1 121)	(506)
Molasses	64	169
Animal feeds	1 059	800
Zimbabwe	**6 031**	**6 035**
Sugar sales - local market	4 703	4 726
Sugar sales - export market	836	801
Ethanol	402	366
Molasses	27	83
Livestock and other	63	59
Mozambique	**1 810**	**1 657**
Sugar sales - local market	1 151	935
Sugar sales - export market	497	559
Refining fee	88	77
Molasses	74	86
Other SADC	**933**	**1 451**
Sugar sales - local market	692	1 217
Sugarcane sales	235	232
Livestock and other	6	2
Sub-total sugar operations	**14 670**	**14 437**
Land conversion and development	**248**	**945**
Township properties	107	529
Large land sales	107	316
Installation of engineering services	34	100
Starch operations	**2 494**	**4 274**
Starch and glucose - local markets	1 880	3 036
Starch and glucose - export markets	179	493
Co-products	435	745
Total revenue	**17 412**	**19 656**
Less: revenue from discontinued operations	(2 494)	(4 274)
Total revenue from continuing operations	**14 918**	**15 382**
Timing of revenue recognition		
At a point in time	14 884	15 282
Over time	34	100
	14 918	**15 382**

Revenue from contracts with customers has been further disaggregated into geographical regions. Refer to Note 1 *Segmental reporting*.

South African sugar sales - redistribution

The sugar millers within the South African sugar industry are allocated a pro-rata share of the local sugar market based on their saleable raw sugar production. Where a sugar miller sells sugar in excess of its share of the local market it is required to pay SASA an amount for this excess sugar for redistribution to the sugar miller who has underperformed with respect to their share of the industry local market. This redistribution mechanism ensures that all sugar millers have an equitable exposure to both local and export markets and ultimately receive a weighted average selling price for the sugar produced.

11. TAXATION

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

R' million	31 March 2021	31 March 2020
Current tax		
South African		
- Current year	-	1
- Prior year over provision	-	(46)
Foreign		
- Current year	579	447
- Prior year under provision	(1)	-
Sub-total	**578**	**402**
Deferred tax		
South African		
- Current year	90	(140)
- Prior year (over) / under provision	(6)	32
- Tax losses not recognised	178	-
- Previously unrecognised deferred tax asset on tax losses	-	(272)
Foreign		
- Current year	(204)	320
- Prior year (over) / under provision	(57)	7
- Change in tax rate	-	(37)
- Tax losses not recognised	107	59
Sub-total	**108**	**(31)**
Withholding / non-resident tax	82	23
Taxation charge for the year	**768**	**394**
Attributable to profit/(losses) from:		
Continuing operations	259	228
Discontinued operations	509	166
	768	**394**

The Group has elected to present a reconciliation between the product of the accounting profit multiplied by the South African tax rate and the total taxation charge / (relief) for the year, as well as a reconciliation between the South African statutory tax rate and the Group's effective tax rate.

	31 March 2021		31 March 2020	
R' million	%	R	%	R
Profit / (loss) before taxation - continuing and discontinued operations		**3 488**		**924**
Tax using the South African statutory tax rate	28,0%	977	28,0%	259
Differences in statutory tax rates in foreign jurisdictions				
Zimbabwe [1]	(0,9%)	(30)	(3,1%)	(29)
Other [2]	(0,2%)	(8)	(0,6%)	(6)
Aggregate statutory base tax rate	**26,9%**	**939**	**24,3%**	**224**
Adjusted for:				
Disallowed finance costs	1,2%	42	9,5%	88
Non-deductible administrative penalties	0,1%	5	2,2%	20
Reduction of statutory tax rate in Zimbabwe [1]	-	-	(4,0%)	(37)
Exempt government grant income	(0,2%)	(6)	(0,6%)	(6)
Net monetary loss arising from hyperinflation	4,6%	161	36,1%	334
Miscellaneous non-deductible expenditure [3]	1,0%	37	4,0%	38
Portion of capital profits not subject to tax	(20,3%)	(709)	(7,6%)	(70)
Prior year over provision	(1,8%)	(63)	(0,8%)	(7)
Current year tax losses not recognised	8,2%	285	6,4%	59
Previously unrecognised deferred tax asset on tax losses	-	-	(29,4%)	(272)
Share of profit from associates	(0,1%)	(5)	-	-
Withholding / non-resident tax	2,4%	82	2,5%	23
Tax using the effective rate of taxation	**22,0%**	**768**	**42,6%**	**394**

1. *In Zimbabwe the statutory tax rate reduced from 25.75% to 24.72% with effect from 1 April 2020. The Zimbabwe operations contributed to a reduction in the Group's effective tax rate for the 2021 financial year of 0.9%.*
2. *The statutory tax rates of the other jurisdictions in which the Group's operations are located: Mozambique 32%, Eswatini 27.5%, Botswana 22%, Namibia 32%, Australia 30%, and Portugal (holding company) 21%. The operations in Eswatini, Namibia and Australia were disposed of and only contributed to the Group's taxable income up until the effective date of the transaction. In total, these operations reduced the Group's effective tax rate by 0.2%. The movement year-on-year is dependent on the contribution of each entities' profits to the overall Group.*
3. *Miscellaneous non-deductible expenditure includes capital expenses and other expenses not incurred in the production of income, including legal costs, professional fees, donations, entertainment and various employee allowances.*

The Group has considered IFRIC 23 *Uncertainty Over Income Tax Treatments* when assessing its tax obligations in respect of a number of uncertain tax positions as discussed below in addition to certain other disputes with the revenue authorities.

Zimbabwe

The Group's operations in Zimbabwe have a number of disputed or unresolved tax issues with the Zimbabwe Revenue Authority ("ZIMRA"). The total tax exposure on all disputed and unresolved tax matters totals R16 million including penalties and interest (2020: R63 million). of which the full amount recognised as a liability (2020: R63 million). At 31 March 2021, the full tax exposure had been paid to ZIMRA while the dispute processes are progressed (2020: R28 million). As the Group's objections to ZIMRA's assessments have been rejected, the matters are to be resolved through the Zimbabwe courts. Once a dispute reaches the court process, the Group recognises the tax liability for the full value of the tax under dispute, net of any amount paid in terms of the dispute process. In the event that the court finds in favour of the Group, the liability will be derecognised, and a refund of any tax is pursued.

A summary of the material tax disputes is as follows:

- ZIMRA contends that the Group provides a milling service on behalf of third-party farmers on which VAT should be levied. The Group maintains that it purchased the sugarcane from third-party farmers in terms of a cane purchase agreement, an activity that does not attract VAT (i.e. sugar is a zero-rated supply). Judgement was passed by the Fiscal Court of Appeals in favour of the Group, ZIMRA appealed to the Supreme Court.

.

- The Group's subsidiary, Zimbabwe Sugar Sales (Private) Limited ("ZSS"), operates as the sales agent for the two sugar mills on a cost recovery basis, with all income being taxed in the hands of the two sugar mills and third-party growers. ZIMRA deemed that ZSS should have earned a notional 5% commission and has raised an assessment on the entity. ZIMRA's decision was upheld by the Fiscal Court of Appeals and ZSS has appealed to the Supreme Court. The case awaits the hearing date from the court.

Mozambique

The Mozambique Revenue Authority (“MRA”) raised a notification of audit findings of R546 million (2020: R665 million) whereby it disallowed certain capital expenditure related to the 2009 expansion of the sugar mill owned by the Group's subsidiary, Tongaat Hulett Açucareira de Xinavane, S.A. ("Xinavane"), due to its alleged failure to provide documentary evidence in support thereof. The company submitted documentation in October 2017 and has yet to receive a response. Following the reversal of various costs capitalised to this project as part of the restatement of the 31 March 2018 annual financial statements, the Group considers it probable that there will be a resultant reduction in this tax exposure and that any further supporting documentation can be provided.

South Africa

Arising from the restatement of the financial statements, both the Company and its subsidiary (Tongaat Hulett Developments Proprietary Limited (“THD”)) filed applications via the South African Revenue Service’s (“SARS”) Voluntary Disclosure Program ("VDP") to regularise the tax obligations for the 2016, 2017 and 2018 years of assessment. The VDP applications were accepted and the necessary agreements signed. The Company’s assessed loss was formally reduced by SARS by R1 114 million and the conclusion of the VDP agreement resulting in a saving of penalties of R194 million. In respect of THD, the VDP agreement increased taxable income by R33 million (but resulted in a saving of penalties of R5 million) and the resultant payment of R12 million (including interest of R3 million) was offset from a tax refund owing. The financial effects of the VDPs were accounted for in the Annual Financial Statements for the year ended 31 March 2018 as part of the restatements.

Group

As a result of the substantial prior period errors corrected in the annual financial statements for the year ended 31 March 2019, an element of uncertainty on the various revenue authorities' response thereto has created uncertain tax positions. Management considered the possible tax implications of these adjustments as part of the restatements and continue to engage with the relevant tax authorities.

12. 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

	31 March 2021			31 March 2020		
R' million	Continuing	Discontinued	Total	Continuing	Discontinued	Total
The calculation of basic and headline earnings per share is based on:						
(Loss) / profit attributable to owners of Tongaat Hulett	**(929)**	**3 348**	**2 419**	**(286)**	**406**	**120**
Adjusted for:						
(Profit)/loss on disposal of land, cane roots and buildings	(7)	-	(7)	4	-	4
Tax effect of profit / (loss) on disposal of land, cane roots and buildings	4	-	4	(1)	-	(1)
Impairment loss on land, cane roots and buildings	7	-	7	-	-	-
Tax effect of impairment loss on land, cane roots and buildings	-	-	-	-	-	-
Loss / (profit) on disposal of property, plant and equipment	13	-	13	(14)	-	(14)
Tax effect of (loss) / profit on disposal of property, plant and equipment	(6)	-	(6)	4	-	4
Impairment loss on property, plant and equipment	142	-	142	4	-	4
Tax effect of impairment loss on property, plant and equipment	(42)	-	(42)	(1)	-	(1)
Loss on disposal of intangible assets	3	-	3	6	-	6
Tax effect of loss on disposal of intangible assets	(1)	-	(1)	(1)	-	(1)
Reversal of impairment loss on intangible assets	(10)	-	(10)	-	-	-
Tax effect of reversal of impairment loss on intangible assets	3	-	3	-	-	-
Profit on disposal of discontinued operation	-	(3 498)	(3 498)	-	-	-
Tax effect of profit on disposal of discontinued operation	-	408	408	-	-	-
Profit on disposal of other businesses	(376)	-	(376)	-	-	-
Tax effect of profit on disposal of businesses	-	-	-	-	-	-
Non-controlling interest	90	-	90	-	-	-
Headline (loss) / earnings attributable to owners of Tongaat Hulett	**(1 109)**	**258**	**(851)**	**(285)**	**406**	**121**

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

Number of Shares - Thousands	31 March 2021	31 March 2020
The weighted average number of ordinary shares used in calculating basic earnings per share	**134 846**	**134 820**
Potential ordinary shares in issue at beginning of year relating to employee incentive schemes	643	138
The weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	**135 489**	**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 are anti-dilutive for both the years ended 31 March 2021 and 31 March 2020 as the Group has recognised a loss from continuing operations.

	31 March 2021			**31 March 2020**		
R' million	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Earnings / (loss) per share						
Basic	(689)	2 483	1 794	(212)	301	89
Diluted	(689)	2 483	1 794	(212)	301	89
Headline earnings / (loss) per share						
Basic	(822)	191	(631)	(211)	301	90
Diluted	(822)	191	(631)	(211)	301	90

13. RISK MANAGEMENT

13.1. CAPITAL RISK MANAGEMENT

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

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

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

1. Delivering on the debt reduction milestones and concluding a further refinance of the current South African borrowing facilities. The principle underpinning the debt refinance was to negotiate a sustainable debt solution with longer dated facilities to create stability for the Group, and allocate the remaining debt to two separate payment-in-kind ("PIK") instruments. The refinance was completed on 12 July 2021 and further details have been provided in Note 17 *Events occurring after the reporting date*.
2. Concluding the refinance of its debt in Mozambique for a 2 year period in order to provide the operation time to repay its debt from internally generated cash resulting from improved operational and financial performance. The refinancing of the Mozambique debt facilities has been agreed with the Mozambique group lenders and a credit approved term sheet was signed on 26 June 2021. Long form agreements are well progressed, and the refinancing of the Mozambique debt facilities is expected to be concluded by 15 July 2021. Further details have been provided in Note 17 *Events occurring after the reporting date*.
3. Preserving the value of capital in Zimbabwe from the impact of the hyperinflationary economy through *inter alia* initiatives to minimise cash holdings in Zimbabwe Dollars, by accelerating capital expenditure and projects, prepayments and advance purchases of raw materials.

With the distortion created by hyperinflation and constraints in repatriating cash balances, the Zimbabwe operation is excluded from the review of the Group's capital structure. The Zimbabwe operations have surplus cash balances are not geared and have seasonal facilities in place to meet the peak working capital requirement. The capital structure consists of net borrowings (borrowings as per Note 8 *Borrowings*, excluding Zimbabwe borrowings as per Note 16 *Reporting on the Zimbabwe Operations* and deducting cash balances available to reduce revolving credit facilities as per Note 6 *Cash and Cash Equivalents*) and equity (comprising issued share capital, reserves and non-controlling interests). The following ratios are used to determine the adequacy of the capital structure:

		Target	31 March 2021	31 March 2020
Leverage ratio [1]	Group (excl. Zimbabwe)	Below 2.0x	9.8	15.7
	South Africa	Below 2.0x	Note 3	Note 3
	Mozambique	Below 2.0x	2.6	4.9
Interest cover ratio [2]	Group (excl. Zimbabwe)	Above 3.0x	0.5	0.5
	South Africa	Above 3.0x	Note 3	Note 3
	Mozambique	Above 3.0x	1.4	1.2

1. "Total borrowings" (excluding Zimbabwe) less "Cash balances available for debt reduction" divided by "Adjusted EBITDA" (including dividends from Zimbabwe in respect of the Group and South African ratios)
2. "Adjusted EBITDA" (excluding Zimbabwe) divided by "Net financing costs" (excluding Zimbabwe and foreign exchange differences)
3. As a result of the South African operations recording a loss at 'Adjusted EBITDA' level, the resultant ratios were not meaningful.

13.2. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

R' million	Fair value level	31 March 2021	31 March 2020
Financial assets			
Measured at amortised cost:			
Other non-current assets [1]		15	32
Trade and other receivables [2,3]		1 376	739
Cash and cash equivalents [4]		629	1 242
Fair value through profit or loss:			
Derivative financial instruments - forward exchange contracts	1	7	-
Total		**2 027**	**2 013**
Financial liabilities			
Measured at amortised cost:			
Trade and other payables [2,5]		2 349	2 253
Borrowings [6]		7 199	12 596
Total		**9 548**	**14 849**

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

1. Other non-current assets exclude the pension fund employer surplus account and lease incentives (non-current portion).
2. The fair value of these instruments approximates their carrying amount, due to their short-term nature.
3. Trade and other receivables exclude VAT receivable, prepayments and lease incentives (current portion).
4. The carrying amount of cash and cash equivalents approximates fair value.
5. Trade and other payables exclude VAT payable and leave pay accruals.
6. 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.

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 31 March 2021. 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	31 March 2021	31 March 2020
Cash and cash equivalents	629	1 242
Trade and other receivables	1 376	739
Other non-current assets (other loans at amortised cost)	15	32
	2 020	**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 the DNA 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 31 March 2021, the Group has cash balances of R283 million (2020: R110 million) with financial institutions where a credit rating cannot readily be determined or that are rated below investment grade. As a result of the long-established banking relationships with these institutions, no credit loss has been recognised.

Trade and other receivables

Credit risk on land sales is limited as revenue is recognised on the date the property is transferred to the purchaser which coincides with the receipt of the full land proceeds. In exceptional circumstances, when the property is transferred before full payment is received, a mortgage bond is registered against the title deed in favour of the Group. The Group has certain legacy debtor arrangements where title to the property has already transferred to the purchaser, a portion of the proceeds remains unpaid and its recoverability remains in doubt or the amount owing is disputed. In such circumstances, the Group continues to pursue the full recovery of the amount but has made an allowance for an expected credit loss equal to amount disputed.

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

a) South African sugar operations:

Before a customer is granted credit, or a credit limit is increased, the necessary credit checks are undertaken through credit bureaus to determine the customer's credit quality and an appropriate credit limit. Third-party debtor monitoring has been implemented to proactively identify any potential changes to the credit profile of the operation's customers. To mitigate the risk of non-payment due to insolvency, protracted default (i.e. the amount remains owing for more than six months) or business rescue proceedings, the operation has a credit insurance policy that covers 80% of any credit loss. At 31 March 2021, 65% of the gross credit exposures were insured (2020: 83%). 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. Including guarantees, 75% of the gross credit exposures were covered at 31 March 2021 (2020: 86%). Credit risk is further limited as payment terms are short, ranging from 7 - 14 days for sugar products and up to 30 days for non-sugar products.

b) Mozambique sugar operations:

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

c) Zimbabwe sugar operations:

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

Impairment considerations for these financial assets are detailed in Note 5 *Trade and Other Receivables*.

Other non-current assets

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

a) Deferred purchase consideration

The Group is owed an amount of R 84 million in respect of the sale of shares in a property realisation company. During the 2021 financial year, the Group entered into a settlement agreement, with amounts not recoverable being written off. The balance has been fully provided for within lifetime expected credit losses.

b) Grower loans

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

Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group was exposed to commodity risk prior to the disposal of the Starch Business.

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

Foreign currency risk

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

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

In the normal course of business, the Group enters into transactions denominated in foreign currencies. The Group's foreign currency exposure primarily arises from the export of sugar products to regional and global markets, foreign currency denominated borrowings raised in-country, as well as unpaid intercompany funding provided to its foreign subsidiaries. The Group has not designated these intercompany funding balances as a hedge of its net investment in these foreign subsidiaries. The Group is not reliant on imported raw materials to any significant extent, although components of its capital expenditure may have to be imported, particularly in the case of Zimbabwe and Mozambique.

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

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

R' million	2021	2020
US Dollar	7	-

Hedges in respect of imports and exports are expected to mature within twelve months.

Foreign currency denominated financial assets

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

Foreign currency denominated financial assets

			10% weakening of the functional currency			
	Carrying amount		Profit / (loss)		Equity, net of tax	
R' million	2021	2020	2021	2020	2021	2020
GROUP						
Australian Dollar	-	41	-	4	-	3
US Dollar	206	149	21	15	15	11
New Zealand Dollar	-	5	-	1	-	-
Euro	17	1	2	-	1	-
	223	**196**	**23**	**20**	**16**	**14**

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

			Increase in loss		Carrying amount	
R' million	Currency	10% devaluation of functional currency of foreign operation	2021	2020	2021	2020
Mozambique						
General short-term banking facilities	ZAR	ZAR:MZN	-	-	-	-
General short-term banking facilities	USD	ZAR:USD	(7)	(9)	70	85
Intercompany payable owing to Tongaat Hulett Ltd	ZAR	ZAR:MZN	(16)	(15)	155	145
Intercompany payable owing to Tongaat Hulett Ltd	ZAR	ZAR:MZN	(41)	(41)	411	405
			(64)	**(65)**	**636**	**635**
Zimbabwe						
General short-term banking facilities	USD	ZAR:USD	(7)	(12)	65	121
Intercompany payable owing to Tongaat Hulett Ltd	ZAR	ZAR:ZWL	(12)	(7)	120	66
			(19)	**(19)**	**185**	**187**

Commodity price risk

The Group was 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 was 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 was 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.

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

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

R' million	HEDGING INSTRUMENT			HEDGED ITEM	
	Nominal Amount of the Hedging Instrument	Carrying Amount of the Hedging Instrument		Carrying Amount of the Hedging Item	
		Assets	Liabilities	Assets	Liabilities
2021: The Group is no longer exposed to significant commodity risk post the disposal of the Starch Business					
2020:					
Priced with Customers and Farmers but not yet delivered - Asset[1]	245	21	-	-	(21)
Priced with Customers and Farmers but not yet delivered - Liability[1]	245	-	(27)	27	-
Priced with Farmers but not with Customers & Not Delivered – Asset[2]	285	28	-	-	(28)
Priced with Farmers but not with Customers & Not Delivered – Liability[2]	-	-	-	-	-
		49	(27)	27	(49)
Net balance - derivative instruments					22
Net balance – derivative inventory					(22)

Notes

1. *When priced with farmers and customers and not delivered, there are hedging instruments on both firm commitments and the accumulated movements on the firm commitments are used to adjust the carrying amount of the maize once it is delivered.*
2. *When priced with farmers and not customers, and not delivered; the hedged item is the commitment to buy maize / take delivery of maize and the accumulated movements are taken to the cost of maize on delivery.*

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 New SA 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 2021	CARRYING AMOUNT 2020	PROFIT AND LOSS 2021	PROFIT AND LOSS 2020	EQUITY, NET OF TAX 2021	EQUITY, NET OF TAX 2020
GROUP						
Variable rate instruments:						
Senior term loan	3 330	8 592	33	86	33	86
Senior revolving credit loan	1 550	1 550	16	16	16	16
Term loans	531	723	5	7	5	7
General short-term	306	99	3	1	3	1
Other	511	850	5	9	5	9
	6 228	**11 814**	**62**	**118**	**62**	**118**

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 8 *Borrowings*.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the contractual maturity dates essential for understanding the timing of cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest repayments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

R' million	Due within 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Due over 5 years	Total
GROUP							
2021							
- Borrowings	7 556	53	48	43	-	-	**7 700**
- Trade payables	2 349	-	-	-	-	-	**2 349**
- Lease liabilities	129	125	122	122	121	134	**753**
	10 034	**178**	**170**	**165**	**121**	**134**	**10 802**
2020							
- Borrowings	13 672	38	32	26	20	-	**13 788**
- Trade payables	2 253	-	-	-	-	-	**2 253**
- Lease liabilities	127	104	98	93	2	18	**442**
	16 052	**142**	**130**	**119**	**22**	**18**	**16 483**

14. COMMITMENTS & CONTINGENCIES

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

R' million	31 March 2021	31 March 2020
Contracts for capital expenditure authorised	124	82
Approved but not contracted	553	103

These commitments relate to expenditure on property, plant, equipment and intangible assets. It is anticipated that this expenditure will be financed from operational cash flows.

The Lowveld Sugarcane Development Trust has estimated the cost to complete the 4 000 hectare expansion of area under sugarcane in Zimbabwe to be USD 32.5 million. As at 31 March 2021, approximately 2,657 hectares of land has been cleared in preparation for planting, of which 562 hectares (2020: 393 hectares) has been planted. The timing of the expenditure is dependent on the ability of LSDT to secure external funding, which is in turn dependent on the lenders being provided with security of tenure for the land being developed. As these uncertainties are not within the control of the Group, the amount has not been included in the total capital commitments above.

Guarantees and contingent liabilities

R' million	31 March 2021	31 March 2020
Infrastructure commitments in respect of Income received in advance	27	55
Contingent liability in respect of infrastructure development	50	-
Performance guarantees issued in respect of infrastructure obligation	308	341
Guarantees issued in respect of deposits for utilities and key suppliers	21	28

Performance guarantees are issued by a financial institution in favour of local municipalities for the value of the development expenditure necessary for infrastructure to be installed to sites that the Group sells to purchasers as fully serviced. The Group's provision for this development expenditure is disclosed in Note 9 *Provisions*. On the strength of the security provided by the performance guarantee, the municipality is able to grant the Group permission to transfer the property to the purchaser before the site is fully serviced. In the event that the Group does not perform in respect of its obligations to service the site, the municipality may call upon the financial institution to make payment in terms of the guarantee and utilise the funds to fulfil any outstanding obligations. The financial institution will in turn seek to recover the amount from the Group. The Group regularly assesses the delivery of its infrastructure plans in conjunction with the risk of non-performance in terms of any exposures under this guarantee. The Group's total performance guarantee facility is R600 million.

Tongaat Hulett Developments and eThekwini Municipality have a shared objective of unlocking the south-eastern quadrant of Cornubia, a newly developed area inland from and adjacent to Umhlanga, to enable improved regional accessibility, new investment and unlocking housing, economic, social and employment opportunities. In June 2014, the parties agreed on a cost sharing basis for major road infrastructure in this region however there is yet to be any progress in respect of the infrastructure requirements for this project. Therefore, the obligating event that would result in the payment of this contribution has not yet occurred and as such a contingent liability of R50 million has been disclosed.

Guarantees are issued by financial institutions in favour of third parties is respect of deposits for utilities, customs and, in limited circumstances where no alternate option exists, for key suppliers. In the event that the Group defaults on its payment obligations to utility providers or key suppliers ("the secured creditors"), the financial institution may be called upon by the creditors to make payment in terms of the guarantee. The financial institution will in turn seek to recover the amount from the Group. The Group is up to date in respect of these payment commitments and no default has occurred. The Group's total guarantee facility is R30 million.

15. 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	31 March 2021	31 March 2020
Goods and services		
Sugar sales to Distribuidora Nacional de Açúcar, Limitada (joint venture)	1 239	1 037
Cane purchases from Uzinzo Sugar Farming Proprietary Limited	90	80
Interest paid to related parties		
Paid to Tongaat Hulett Pension Fund 2010	(6)	(11)
Property transactions		
Purchase of land from Tongaat-Hulett Pension Fund 2010	-	9
Loans received from related parties		
Tongaat Hulett Pension Fund 2010	(96)	(108)

Key management personnel

Key management personnel remuneration is set out in further detail in the Group's annual financial statements.

R' million	31 March 2021	31 March 2020
Non-executive directors' fees	7 561	9 916
Executive directors' and other prescribed officers' remuneration	40 957	99 625
Salary	26 515	27 662
Retirement and medical contributions	4 316	4 386
Accrued leave and other benefits	-	3 874
Short-term incentive	10 126	63 673
Share incentive gains	-	30
Total	**48 518**	**109 541**

16. REPORTING ON THE ZIMBABWEAN OPERATIONS

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

The Group's Zimbabwean operations have applied IAS 29 hyperinflation accounting for the twelve months ended 31 March 2021. This has resulted in the Group recording a net monetary loss of R 626 million for the year (2020: R1 296 million). While the application of IAS 29 is meant to improve comparability of the Group's results, the use of inflation and exchange rates that differ from those experienced by the Zimbabwean operations and reflected in the underlying transactions has, to some extent, distorted the comparability of the Group's results.

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

Financial period	**Functional currency**	**Average exchange rate**	**Closing exchange rate**	**General price index (closing)**	**Conversion factor (average)**	**Conversion factor (closing)**
1 April 2019 to 31 March 2020	ZWL	1,5373	0,7168	810,4	10,626	3,406
1 April 2020 to 31 March 2021	ZWL	0,2454	0,1697	2 759,8	1,486	1,000

The table below shows the results reported for the Zimbabwe operations translated using the official interbank rate (i.e. ZWL 86.9 : USD 1 or ZWL 5.8927 : ZAR 1), together with a sensitivity showing the impact of applying the parallel exchange rate emerging within the economy. At 31 March 2021, the parallel rate was ZWL 114.0 : USD 1 (ZWL 7.7280 : ZAR 1).

R' million	**As reported ZWL 86.9 : USD 1**	**Parallel Rate ZWL 114.0 : USD 1**	**Sensitivity vs Parallel Rate**
Revenue	6 162	4 698	(1 464)
Operating profit	1 578	1 205	(373)
Profit for the year	513	390	(123)
Net asset value	3 140	2 394	(746)
Total assets	4 776	3 640	(1 136)

Note: The underlying transactions have not changed

Hyperinflation effect on cash and cash equivalents

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

While the statement of cash flows is adjusted to reflect current purchasing power, the cash and cash equivalents balance can only ever represent the actual cash flow (i.e. not indexed) at the point in time when the transactions occurred. As a result, an adjustment of R719 million (2020: R1 919 million) was required to account for the loss of value between the hyperinflation-adjusted cash flows and the actual cash flows, as well as to account for the loss of value in the opening cash and cash equivalent balances, In effect, the R719 million (2020: R1 919 million) represents the value eroded by hyperinflation within the Zimbabwe economy.

17. EVENTS OCCURING AFTER THE REPORTING PERIOD

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

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

COVID-19

The COVID-19 global pandemic continues to impact the world at large. The third wave of the pandemic is gaining significant momentum in South Africa and Zimbabwe where, as at the date of this report, infections continue to grow at an alarming rate and both governments have during July 2021 imposed stricter lockdown measures. Mozambique is experiencing the early stages of the third wave.

South Africa commenced phase 2 of its vaccine rollout plan on 17 May 2021. Both Zimbabwe and Mozambique have also commenced their vaccine rollout plans. Through its healthcare infrastructure in Zimbabwe, the Group has vaccinated 4 922 people of which 4 281 were employees thus representing 27% of the Zimbabwe workforce. Since the start of the pandemic, the Group had 1 210 confirmed COVID-19 cases and has sadly lost 20 employees across its regions.

Management continues to monitor the impact of COVID-19 on the Group's businesses given the increasing rate of infections and the impact of lockdown restrictions. The areas of focus are:

- The Group's land conversion and development business which remains most vulnerable to any economic downturn caused by the pandemic;
- The risk of temporary or permanent loss of engineering and operational skills; and
- The ability to procure critical spares timeously as a result of a general shortage in global supply, as well as constraints on local suppliers.

South African sugar operational update

Refinery

The South African sugar operation's central refinery produces all the Company's refined sugar and supplies a significant portion of the total demand for refined sugar in South Africa. Due to an increase in refined sugar demand, that started during the first lockdown in April 2020 and was sustained throughout the 2021 financial year, the planned annual maintenance shutdown was deferred to April 2021. While overall refined sugar production increased by 40% to more than 450 000 tons, this production ramp-up led to increased production costs and process inefficiencies, that resulted in a loss of sugar of 27 436 tons. The production loss also reduced the Company's sugar industry market share which had adverse profit implications.

Significant steps have been taken during the recent maintenance shutdown to rectify and enhance the refinery processes and controls in order to prevent a recurrence. A new leadership team has been appointed at both the refinery and the South African sugar operations.

The annual maintenance shut commenced on 7 April 2021. Plant inspections uncovered various problems that contributed to a sugar loss through the plant's effluent streams which have since been resolved. Problematic equipment was reconfigured to facilitate on-the-run maintenance, which reduced the dependence on annual shutdowns to address problems. The refinery recommenced operations on 23 April 2021 at a lower level of throughput which has gradually been increasing as the operation stabilises and residual problems are corrected. Yields and effluent data is now monitored daily and, year-to-date, the refinery has operated at targeted effluent levels and an improved production yield of approximately 95.5% as compared to 92% in the previous year.

Mills

The Felixton and Amatikulu sugar mills started the season 2 and 3 weeks earlier respectively than the prior season in order to create additional capacity to crush all the available sugarcane during the season. The Maidstone sugar mill start-up was 1 week later. The start of the milling season has been challenging with sugarcane crushed and sugar production being 3% and 11% of that in the prior year, despite the additional weeks of crushing. The operational performance of the sugar mills remains a management focus area.

South African debt facilities

At 31 March 2021, the Company had paid cumulative debt reduction proceeds of R6 006 million to the South African lenders and had therefore achieved the R6 000 million debt reduction proceeds milestone which was measured on 30 April 2021. Cumulative debt reduction transaction agreements totalling R6 566 million had been signed at 31 March 2021, which fell short of the R8 100 million required at that date to avoid an event of default. As a result, the Company and the South African lenders amended the milestone measurement date from 31 March 2021 to 30 April 2021, and amended the corresponding milestone amount to R6 400 million. Subsequently, the measurement date for the cumulative signed debt reduction transaction agreements for 30 June 2021 was amended to 13 July 2021, and the corresponding milestone amount was amended from R8 100 million to R6 400 million which resulted in the Company meeting such milestone.

The combination of the sugar stock loss at the refinery and the slow milling season start-up (described above) has reduced inventory levels available for sale and consequently placed pressure on the Company's liquidity. To mitigate this, the South African lenders agreed to avail the R600 million seasonal facilities from 5 May 2021, which was earlier than the contractual 31 May 2021 availability date.

Owing to the worse than expected financial performance in the fourth quarter, the Company breached its EBITDA and Free Cash Flow financial covenants for the quarter ended 31 March 2021. The Company, due to the better than expected performance during the previous three quarters, did however meet its year to date covenants at 31 March 2021. At the Company's request, the South African lenders waived the above-mentioned covenant breach on 12 July 2021.

Given that the Company's existing facilities are maturing within 12 months from the reporting date, the Company and the South African lenders agreed and signed a credit approved short-form term sheet on 12 July 2021 to refinance the SA Facilities. Legal agreements to give effect thereto are currently being drafted and it is expected that the refinancing will be concluded by 31 August 2021.

The salient terms of the new facilities are:

Detail	**Senior Facility A** **Senior Term Loan Facility**	**Senior Facility B** **Senior Revolving Loan Facility**	**Senior Facility C** **Senior PIK Term Loan Facility**	**Senior Facility D** **Senior PIK Term Loan Facility**	**Super Senior Standby Facility**
Facility amount	R1 500 million.	R1 400 million subject to a step down in commitment to the limits detailed below: 31 March 2023: R1 300 million; and 31 March 2024: R1 200 million.	R2 000 million.	R1 172 million (estimated and dependent on date of financial close).	42.5% of the amount received related to the disposal proceeds of the Starch Business held in escrow. Only becomes available 1 business day following repayment of Facility A out of proceeds related to the disposal proceeds of the Starch Business held in escrow.
Purpose	To partially refinance amounts outstanding under the existing facilities that are considered to be sustainable.	To partially refinance amounts outstanding under the existing facilities and to fund general corporate and working capital requirements.	To partially refinance amounts outstanding under the existing facilities.	To partially refinance amounts outstanding under the existing facilities.	To fund the general corporate and working capital requirements of the South African Group. Ranks in priority to Senior Facility A, Senior Facility B, Senior Facility C and Senior Facility D.
Termination date	30 June 2024.	30 June 2024.	30 June 2024.	30 June 2024.	Annually renewable.
Repayment	Interest repayable at the end of each interest period. Outstanding balance and accrued unpaid interest to be repaid on the termination date.	Interest payable at the end of each interest period. Repayment of each loan at the end of each interest period with roll-over loan provisions.	Interest to be capitalised and included in principal repayment as follows: 1. Equity capital raise proceeds: equity raise to be applied to Senior Facility C, the proceeds of which will be the higher of R2 000 million or the aggregate amounts owing on Senior Facility C at 31 March 2022. 2. Debt reduction transactions – 'sell down': (if insufficient equity is raised or the enterprise value of the Group is less than 1.5x the outstanding Senior Facilities): possible disposal of non-South African sugar operations via a formal process run by management with an independent party on terms satisfactory to the South African lenders to settle the Senior Facility C. 3. Debt reduction transactions – 'properties': If (1) and (2) do not result in the minimum net proceeds required to settle Senior Facility C. Proceeds are to be applied first in the settlement of Senior Facility D and then Senior Facility C.		Interest payable at the end of each interest period. Repayment of each loan at the end of each interest period with roll-over loan provisions.
Certain mandatory prepayments	Mandatory repayment on receipt of proceeds held in the starch escrow account.	SASA proceeds shall be applied to prepay the facility. Any amounts repaid or prepaid under this facility may be reborrowed.	None.	None.	None.
Structuring fee	To be determined by way of a competitive market clearing process.				
Agency fee	As per the fee letter.				

<table>
<tr><td>Commitment fee</td><td>None.</td><td>To be determined calculated on the unused and uncancelled amount of the facility during the availability period.

To be determined by way of a competitive market clearing process.</td><td>None.</td><td>None.</td><td>None.</td></tr>
<tr><td>Interest period</td><td colspan="5">1 month or 3 months at the election of the Company.</td></tr>
<tr><td>Base interest rate</td><td colspan="5">1 month or 3-month JIBAR, as applicable.</td></tr>
<tr><td>Applicable Margin</td><td colspan="5">To be determined subject to a competitive market clearing process.</td></tr>
<tr><td>Margin Ratchet</td><td>None, other than step-up of 2% in the event of default.</td><td>None, other than step-up of 2% in the event of default.</td><td colspan="2">Pricing step-up at a percentage to be determined by a competitive market clearing process if there is a failure to implement an equity capital raise at the higher of R2 000 million or the aggregate amounts owing on Senior Facility C at 31 March 2022.</td><td>None, other than step-up of 2% in the event of default.</td></tr>
<tr><td>Financial covenants</td><td colspan="5">The financial covenant measurement dates are 31 March and 30 September of each year.

Failure to meet a historical financial covenant is an event of default (other than for the 30 September 2021 and 31 March 2022 measurement dates) whereas failure to meet a forecast financial covenant triggers discussion to agree remedial action, and not an automatic event of default.

<table>
<tr><th rowspan="2">Ratio</th><th colspan="4">Last day of calculation period</th></tr>
<tr><th>30 September 2021</th><th>31 March 2022</th><th>30 September 2022</th><th>Subsequent measurement dates</th></tr>
<tr><td>Historical / Forecast Leverage Ratio not greater than:</td><td>n/a</td><td>3.6 x</td><td>3.0 x</td><td>2.5 x</td></tr>
<tr><td>Historical / Forecast Interest Cover Ratio not less than:</td><td>4.5 x</td><td>2.5 x</td><td>2.5 x</td><td>2.5 x</td></tr>
<tr><td>Historical / Forecast Debt Service Cover Ratio not less than:</td><td>12.0 x</td><td>7.5 x</td><td>1.0 x</td><td>1.0 x</td></tr>
</table>
</td></tr>
<tr><td>Security</td><td colspan="5">● General notarial bonds over movable assets of the Company’s South African businesses.
● Cession and pledge over all shares, claims, insurances, intellectual property, bank accounts and investments of the Company’s South African businesses.
● Mortgage bonds registered over immovable properties owned by the Company's South African subsidiaries.
● Sugar stocks that are funded by SASA over the season-end (carry over finance) are excluded.</td></tr>
<tr><td>Other salient terms</td><td colspan="5">● Senior Facility D is subject to a maximum loan to value ratio of 25%.
● Cash sweep mechanism (triggered by a cumulative debt service cover ratio in excess of 1.5 times).
● Sugar production output reports and a requirement to adequately maintain all assets.
● The term sheet includes the right to appoint an observer to the relevant subcommittees of the board (risk and capital investment, property advisory board or any future subcommittees that may be formed in relation to disposal activities).
● Annual limits (80%) have been placed on the capital expenditure for the South African Sugar operation, and infrastructure expenditure for the Property business. Written consent will be required from the South African lenders prior to the incurring of expenditure in excess of the 80% limit.
● To the extent that an equity capital raise is not successful, the Company is required to implement a management incentive scheme in order to ensure repayment of Senior Facility C and Senior Facility D.
● Key manager provisions relating to Gavin Hudson, Rob Aitken and/or Simon Harvey remain. Any replacement requires approval from the South African lenders.</td></tr>
</table>

Mozambique debt facilities

In anticipation of the 30 June 2021 expiry of the debt standstill agreement, the maturity date of the debt standstill agreement that was concluded with the Mozambique group lenders on 18 December 2019, was on 7 July 2021, extended from 30 June 2021 to 31 July 2021. The refinancing of the Mozambique debt facilities has been agreed with the Mozambique group lenders and a credit approved term sheet was signed on 26 June 2021. Long form agreements are well progressed, and the refinancing of the Mozambique debt facilities is expected to be concluded by 15 July 2021. It should be noted that during June 2021, one of the Mozambique lenders who was a party to the debt standstill agreement chose to not participate in the above mentioned refinance, and as a result, a bilateral agreement with the lender was concluded on 24 June 2021 to extend the existing working capital facility of MZN 340 million (R74 million) for a period of 24 months, at the Mozambique prime lending rate less 0.25%, a commitment fee of 0.20% per annum on any unutilised amounts, and with the existing security over certain immovable assets at the Mafambisse sugar mill remaining in place. The salient terms of the new facilities are:

<table>
<tr><th>Detail</th><th>Facility A

Term Loan Facility</th><th>Facility B

Seasonal Loan Facility</th></tr>
<tr><td>Facility amount</td><td>MZN 2 419 million (R528 million).</td><td>MZN 2 000 million (R437 million).</td></tr>
<tr><td>Purpose</td><td>To refinance the amount outstanding under the existing facilities.</td><td>To partially refinance any residual amounts outstanding under the existing facilities and may be used for general corporate and working capital purposes.</td></tr>
<tr><td>Tenor</td><td>24 months.</td><td>24 months.</td></tr>
<tr><td>Repayment</td><td>Interest payable in cash at the end of each interest period.

After the Measurement Date any excess cash (cash on hand less the amount outstanding under Facility B and a minimum cash balance of MZN 100 million) will be used to prepay the facilities.

The total amounts outstanding under Facility A at the end of the Tenor shall be repaid in full.</td><td>Interest payable in cash at the end of each interest period.

Repayment with certain amounts received from the DNA and in respect of net export receivables.

The total amounts outstanding under Facility B at the end of the Tenor shall be repaid in full.</td></tr>
<tr><td>Structuring fee</td><td colspan="2">An upfront fee of 0.55% on each total facility commitment.</td></tr>
<tr><td>Commitment fee</td><td>None.</td><td>0.85% per annum on the available commitment.</td></tr>
<tr><td>Interest period</td><td colspan="2">1 or 3 months at the election of the borrower.</td></tr>
<tr><td>Base interest rate</td><td colspan="2">Mozambique prime lending rate.</td></tr>
<tr><td>Margin</td><td>-0.25% per annum.</td><td>-0.50% per annum.</td></tr>
<tr><td>Margin ratchet</td><td>Margin will be adjusted by 0.50% to -0.75% from the applicable Measurement Date when the Senior Interest Cover Ratio is greater than or equal to 2.65x.</td><td>None.</td></tr>
<tr><td>Financial covenants</td><td colspan="2">The financial covenant measurement dates are measured quarterly as detailed below:
<table>
<tr><th>Measurement Date

(calculated on a rolling 12 months basis as applicable)</th><th>Ratio of EBITDA to Net Senior Finance Charges (Senior Interest Cover Ratio)</th><th>Ratio of the Cash Flow to Net Senior Finance Charges (Senior Cash Interest Cover Ratio)</th><th>Ratio of the Total Senior Debt to EBITDA (Senior Leverage Ratio)</th></tr>
<tr><td>30 June 2021</td><td>>2.85x</td><td>>2.1x</td><td><3.0x</td></tr>
<tr><td>30 September 2021</td><td>>3.0x</td><td>>2.2x</td><td><3.0x</td></tr>
<tr><td>31 December 2021</td><td>>3.0x</td><td>>2.2x</td><td><3.0x</td></tr>
<tr><td>31 March 2022</td><td>>3.0x</td><td>>2.4x</td><td><3.0x</td></tr>
</table></td></tr>
<tr><td>Security</td><td colspan="2">The security package includes both moveable and immoveable assets which comprises mortgage bonds over the mills, refinery and buildings; and security cession of proceeds from sales to the DNA, export sales or receivables and related proceeds collection accounts. The Mozambique lenders have no recourse to the Company.</td></tr>
</table>

Economic conditions in Zimbabwe

Hyperinflation and currency dynamics in Zimbabwe continue to impact on the Group's results. Annual inflation at March 2021 was 241% year-on-year, decreasing from 677% in March 2020 with a further decline to 107% in June 2021.

The currency dynamics within the country remain dynamic and, as an exporter who regularly holds US Dollars ("USD"), the Group remains unable to participate in the weekly foreign exchange auctions to convert its Zimbabwe Dollar ("ZWL") cash balances to USD. Consequently, both ZWL and USD (locally and export generated) cash flows are closely monitored to avoid liquidity shortages in either currency.

On 27 May 2021, Statutory Instrument 127 was promulgated to prevent abuse of the foreign exchange auction system and temporarily suspended the Group's ability to invoice in USD until a clarification was issued on 15 June 2021 by the Reserve Bank of Zimbabwe. The Group has recommenced invoicing in USD and currently, up to 60% of sugar sales to local market consumers are being concluded in USD.

The weighted average auction rate on 31 March 2021 of ZWL 84.4 moved to ZWL 85.5 against the USD on 6 July 2021. The Zimbabwe operations continue to transact on the interbank market at the ruling average auction rate.

Since 31 March 2021, dividends of USD 4 million have been declared by the Zimbabwe subsidiary and received by the Company.

Change of auditors

The Board has, subject to shareholder's approval at the 2021 annual general meeting, appointed Ernst & Young (EY) as the group's external auditors for the financial year ending 31 March 2022. 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 August 2021.

Governance changes

David Noko, currently an independent non-executive director, was appointed with effect from 1 July 2021 as the Lead Independent Non-Executive Director.

National protest action

Since 8 July 2021, there has been an outbreak of protest action across South Africa. This protest action has gradually been escalating in severity and resulted in wide scale damage to property. As a result of transporters not being able to deliver cane to the sugar mills and to safeguard the Company's assets and employees, all the South African sugar operations were temporarily suspended on 12 July 2021. Management continue to appraise the situations as it unfolds.

Delay in release of annual financial statements

Tongaat Hulett was unable to publish its financial results by 30 June 2021 as required by the JSE Listings Requirements, which now have been published on 13 July 2021.