

GEN – General – Tongaat Hulett Limited

Censure imposed by the JSE on Tongaat Hulett Limited (“**Company**” or “**Tongaat**”)

The JSE hereby informs stakeholders of the following findings in respect of the Company:

1. Tongaat published its annual financial statements for the year ended 31 March 2019 on 10 December 2019 and its unaudited interim financial results for the six months ended 30 September 2019 on 31 January 2020, which contained restatements to previously published results to correct a substantial number of prior period errors in accordance with International Financial Reporting Standards (“**IFRS**”).
2. The errors extended over a number of years and in correcting these errors, the Company restated its annual financial statements for the year ended 31 March 2018 and adjusted the opening balances for the year ended 31 March 2018 to correct material errors contained in the annual financial statements for the years ended 31 March 2011 to 2017. Similarly, to correct material prior period errors, Tongaat restated its interim financial statements for the six months ended 30 September 2018 which included an adjustment to the opening balances to correct errors contained in the interim financial statements for the six months periods ended 30 September 2011 to 2017.
3. As disclosed by the Company, the financial impact of the restatement of prior period errors in the annual financial statements for the year ended 31 March 2018 were material in that:
 - i. total assets decreased by about R10 billion as a result of the correction of errors representing a decrease in total assets of approximately 34%;
 - ii. the earnings per share of 618 cents decreased to a loss per share of 1054 cents;
 - iii. the headline earnings per share of 534.8 cents decreased to a headline loss per share of 861 cents;and
 - iv. the opening balance of retained earnings decreased by around R10.2 billion in respect of errors that occurred between 2011 to 2017.
4. The financial impact of the restatement of prior period errors in the interim financial statements for the six months ended 30 September 2018 were material in that:

- i. the loss per share increased from 94 cents to 356 cents;
 - ii. the headline loss per share increased from 74 cents to 322 cents; and
 - iii. total assets decreased by about R12 billion representing a decrease in total assets of approximately 34%.
5. The Company's previously published financial information for the periods 2011 to 2018 did not comply with IFRS and was incorrect, false and misleading in material aspects and this incorrect information was disseminated to shareholders, the JSE and the investing public. In these circumstances the JSE found that Tongaat failed to comply with sections 8.57(a) and 8.62(b) of the JSE Listings Requirements in that the Company failed to comply with IFRS in respect of the interim and annual financial statements for the 2011 to 2018 financial periods. Tongaat assisted the JSE in its investigation and admitted its failure to comply with these provisions of the Listings Requirements.
6. The accuracy and reliability of financial information published by companies are of critical importance in ensuring a fair, efficient and transparent market. The provisions of the Listings Requirements, which impose various important obligations on listed companies in respect of the disclosure of financial information, contributes to the integrity of the market and promotes investor confidence. The Company and its directors are therefore obliged to ensure that all financial information and reports that are published are, in all material aspects, accurate and correct. In addition hereto, the investing public relies on a company's published financial information to make important investment decisions.
7. For these reasons and with reference to the JSE's findings of breach, the JSE has decided to impose a public censure and the maximum permissible fine in terms of the Listings Requirements and Financial Markets Act, 19 of 2012, of R7 500 000 (seven million five hundred thousand) on Tongaat as a result of its failure to comply with important provisions of the Listings Requirements.
8. The JSE has considered all the relevant facts and information at its disposal in deciding on an appropriate censure and financial penalty as a result of Tongaat's transgressions of the Listings Requirements which include, Tongaat's internal review that uncovered the irregular accounting and other practices, its full co-operation and assistance in the JSE's investigation, the current economic climate, Tongaat's financial constraints, the remedial actions undertaken by the Board and the interests of shareholders, the JSE and the investing public. In these circumstances, the JSE has decided to suspend R2 500 000 (two million five

hundred thousand) of the fine for a period of five years on condition that Tongaat is not found to be in breach of material and important provisions of the Listings Requirements during the period of suspension.

9. The fine imposed against Tongaat will be appropriated in settlement of any future costs incurred by the JSE which may arise through the enforcement of the provisions of the Listings Requirements as contemplated in section 11(4) of the Financial Markets Act read with section 1.25 of the Listings Requirements.

10. It is important to note the provisions of section 11(5) of the Financial Markets Act, which stipulates that the Listings Requirements are binding on companies and their directors. The JSE is therefore duty bound to properly investigate all potential breaches of the Listings Requirements by companies and their directors and to take the necessary and appropriate action if the Company and/or its directors failed to comply with the provisions of the Listings Requirements. This concludes the JSE's process in respect of the Company as a juristic person. The investigation into the conduct of individuals that presided at the Company during the periods in question and who are bound by the Listings Requirements is ongoing.

1 July 2020