ANNUAL REPORT 2007

Tongaat Hulett

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INTRODUCTION TO TONGAAT HULETT

Tongaat Hulett is an agri-processing business which includes integrated components of land management, property development and agriculture. Through its sugar and starch operations in Southern Africa, Tongaat Hulett produces a range of refined carbohydrate products from sugar cane and maize. It has considerable expertise in downstream agricultural products, biofuel production and electricity cogeneration. Competition for alternative land usages is increasing rapidly. Tongaat Hulett balances the operational requirement for cane supplies to its sugar cane processing operations with the transition to property development.

Over the past century, Tongaat Hulett has established itself as a leading large scale agri-processing business which has its base firmly established in Southern Africa. Demand for food products is increasing worldwide, renewable energy has introduced a new dimension to agriculture and agricultural trade regimes are changing, with Africa and the European Union moving closer as a trade bloc. Opportunities for expansion and growth in Africa are thus emerging. Tongaat Hulett has the established business platform and size to capitalise on these opportunities.

The growth and development of Tongaat Hulett's operations, in the selected regions in which it operates, have involved establishing credible partnering relationships with local communities, governments and employees over time. Its recent 25 percent South African BEE equity participation transactions, the partnership with the Mozambique government in establishing the Mozambique sugar operations and its outgrower programmes in Zimbabwe illustrate the level of understanding and extent of relationships in the region.

The integrated business model involves land and water management, agriculture, agri-processing and the transition to property development at the appropriate times. Tongaat Hulett is able to maximise value through the various phases of land usage, from acquisition, agriculture and agri-processing to the transition to property development and the pace thereof. The transition of prime land from agriculture to property development and Tongaat Hulett's established property development platform and expertise generate both capital and operating profits, which have grown significantly in recent years. This carefully managed development activity continues to enhance the value of Tongaat Hulett's remaining land. As Durban grows and further developments such as the new international airport at La Mercy materialise, the importance of the land and property development activities is increasing.

Tongaat Hulett's wet-milling operation is the major producer of starch and glucose on the African continent. Established in 1919, the starch operation has grown to be an important supplier to a wide range of South African and African industries. Operating five wet-milling plants, Tongaat Hulett converts some 600 000 tons of maize per annum into starch and starch-based products. It manufactures a wide range of products, from unmodified maize starch to highly refined glucose products, which are key ingredients for local manufacturers of foodstuffs, beverages and a variety of industrial products. The growth of the South African economy is positive for volume growth of these products.

Possessing a portfolio of sugar operations and assets in some of the lowest cost sugar production areas in the world, coupled with its leading Huletts® sugar brand, world class technology, and preferential market access, Tongaat Hulett is in the favourable position of being able to capitalise on the changing sugar fundamentals in world markets.

The sugar assets are located in Southern Africa. Production in 2007 amounted to 1 119 000 tons of sugar and actions are underway to increase sugar cane supplies in order to match the available milling capacity that will be in excess of 1 945 000 tons by the 2009/10 season. Further expansion potential exists, particularly in the low cost production areas of Zimbabwe and Mozambique.

In South Africa, Tongaat Hulett's sugar operations are located on the North Coast of KwaZulu-Natal and in the Zululand region, where it has four sugar mills with installed capacity to

produce more than 1 million tons of sugar per annum. The sugar operations are strategically positioned to leverage efficiencies and economies as sugar milling in the region improves its cost competitiveness. The matching of milling capacity to available cane supplies remains a key driver of low cost sugar production. In addition to their raw sugar capability, the South African sugar operations include a central refinery with an annual capacity of some 600 000 tons and additional refining capacity of 36 000 tons at the White Sugar Mill (WSM) plant at Felixton.

Tongaat Hulett is able to take advantage of the evolving renewable energy dynamics through its existing investment in South Africa by substituting the production of molasses and sugar for the international market with the production of bio-ethanol for the local market and utilising the energy component of bagasse at its sugar cane processing operations for electricity cogeneration. The starch operations, by reconfiguring their steam generation operations, have the potential to establish electricity cogeneration facilities.

In Mozambique, sugar operations consist of the sugar mills and estates surrounding Xinavane and Mafambisse. The Mozambique operations with fully irrigated agriculture, ideal growing conditions resulting in high cane and sucrose yields, close proximity to the ports and technology availability and support from South Africa are positioned for future growth. Mozambique also has a number of emerging opportunities to produce meaningful volumes of bio-ethanol for the EU market. Mozambique's LDC and ACP status, which allows this bio-ethanol to enter the EU on a duty free basis, gives it an advantage over countries such as Brazil.

Sugar operations in Zimbabwe consist of Triangle and a 50,35 percent stake in Hippo Valley Estates, representing a combined installed sugar milling capacity of 600 000 tons. The lowveld in Zimbabwe, with excellent topography, climate and established water storage and conveyance infrastructures for irrigation, is recognised as the lowest cost sugar producer in Southern Africa, if not the world. The operations at Triangle have produced, since 1980, industrial alcohol as an extension of the manufacturing process, with capital invested during 2007 to convert this to fuel grade ethanol.

Tongaat Hulett conducts its business operations in a manner that seeks to create value for all stakeholders and is sustainable and contributes meaningfully to the social and physical environment in which it operates. A high priority is placed on all aspects of safety, health and environment. Tongaat Hulett prides itself on its BEE scorecard rating as a Level Three Contributor and its inclusion in the JSE's Social Responsibility Investment Index for the fourth consecutive year. These results are testimony to Tongaat Hulett's adherence to the triple bottom line principles of environmental, economic and social development.

CAPITALISING ON TONGAAT HULETT'S STRATEGIC PLATFORM

- A corporate restructuring was completed in 2007 and Hulett Aluminium was listed on the JSE and unbundled, creating two separate, focused listed entities, namely Tongaat Hulett and Hulamin.
- 25% broad based BEE equity participation has been introduced into Tongaat Hulett, including strategic partners, communities surrounding its property developments, small scale cane grower communities around its South African sugar mills and BEE management and employee share ownership schemes.
- The evolving world sugar fundamentals support the strategy of sugar expansions in low cost regions with access to attractive markets. Tongaat Hulett's focus is to increase sugar production substantially from the level of 1 119 000 tons produced in 2007. Sugar milling capacity will be in excess of 1 945 000 tons in the 2009/10 season, including the R1,3 billion Mozambique expansion currently underway. Further expansion opportunities are being developed. Tongaat Hulett is well positioned to benefit from a turnaround in Zimbabwe.
- Opportunities are emerging rapidly for Tongaat Hulett's Southern African cane processing operations to increase realisations from bagasse, molasses and other cane bio-mass in electricity cogeneration and bio-ethanol production. In a world that values environmental benefits, this energy is both renewable and results in reduced carbon dioxide emissions.
- The structural changes taking place in international agricultural commodity markets due to demand for biofuels are beginning to result in the improved competitiveness of local maize farmers and of Tongaat Hulett's starch operations, which have additional capacity for local and export growth.
- There is a worldwide trend towards higher prices for agricultural products, with resultant opportunities to increase realisations from raw sugar, refined sugar, ethanol, fructose and other value added products.
- Property and land developments produced a record breaking performance in 2007 with operating profit increasing by 32% to R428 million from sales of 83 developable hectares and with a capital profit of R48 million being realised.
- Tongaat Hulett's land development processes combined with urban expansion and developments such as the new international airport at La Mercy, Tongaat, are increasing the value of its 14 000 hectares of agricultural land with development potential.
- Tongaat Hulett was accredited by the National Empowerment Rating Agency as a Level Three Contributor in terms of the Department of Trade and Industry BEE scorecard.
- The lost time injury frequency rate improved to 0,14 in 2007 from 0,19 in 2006 with a reduction of close to 90% over the past 5 years.
- Tongaat Hulett's profit from continuing operations grew by 15 % in 2007 to a record R838 million and the outlook is for sustained growth.

Cedric Savage
Chairman

Corporate Restructuring Together with the Introduction of BEE Equity Participation

The year 2007 was a milestone in Tongaat Hulett's development in that the company concluded a corporate restructuring process, which included inter alia, the unbundling by The Tongaat-Hulett Group of its 50% interest in Hulamin, the listing of Hulamin on the JSE and the introduction of broad based Black Economic Empowerment (BEE) equity participation in both Tongaat Hulett and Hulamin. The transactions were approved by the majority of shareholder votes in a general meeting with overwhelming support. Following the restructuring, the company changed its name from The Tongaat-Hulett Group to Tongaat Hulett.

In addition, the transactions resulted in two separately listed, focused companies: Tongaat Hulett, an agri-processing company which includes integrated components of land management, property development and agriculture; and Hulamin, an independent niche producer of aluminium rolled, extruded and other semi-fabricated and finished products.

The Board is pleased to welcome our new BEE partners: Ayavuna Women's Investments combining with the Mphakathi Trust, and Sangena Investments combining with the Masithuthukisane Trust. The introduction of value add BEE equity partners into Tongaat Hulett will build on the existing empowerment initiatives within the business. In this regard it was pleasing to be accredited as a Level Three contributor in Tongaat Hulett's first BEE status verification process conducted by the National Empowerment Rating Agency.

Profit from Operations

This year the corporate restructuring and the associated once-off costs highlighted the need to emphasise profit from continuing operations as a comparison to previous years, rather than the consolidated headline earnings. It is satisfying to note that Tongaat Hulett has significantly increased its profit from operations to R838 million in 2007 from R726 million in 2006.

The Board has declared a final dividend of 160 cents per share which, together with the interim dividend of 150 cents per share, amounts to a total annual dividend of 310 cents per share.

Tongaat Hulett has opportunities to further enhance operating performance and improve delivery on growth projects already underway.

Board Changes

During 2007, two independent non-executive directors, M W King and L Boyd retired from the Board, having reached the mandatory retirement age, in accordance with the company's articles of association. On behalf of the Board and the company, I would like to thank them sincerely for providing their experience, wisdom and clear insight while serving as directors, for 27 years and 18 years respectively, and for the major contributions they made to the company.

The restructuring of Tongaat Hulett necessitated, among other issues, a review of the Board composition. As a result, A Fourie, S J Saunders, M Serfontein, G P N Kruger, A M Thompson, D D Barber, I Botha and B E Davison resigned from the Board and I would also like to thank them, on behalf of the Board, for the valuable contribution they made to the company.

A sincere welcome is extended to J John and C B Sibisi who joined the Board on 29 June 2007 and J G Williams who joined the Board on 10 October 2007. Our new appointees bring a wealth of experience and we look forward to their future contributions.

Business Sustainability

The company continues to make significant progress in the areas of safety, health and environment. We continuously strive to achieve our employment equity, training and development and affirmative action procurement targets and have made good inroads in this area. Tongaat Hulett was included in the JSE Social Responsibility Investment (SRI) index for the fourth year in a row and was ranked among the top 14 performing companies on the index. The inclusion in the 2007 SRI index once again recognises and provides an important benchmark for the company's sustainability initiatives.

The company's Anti-Retroviral Treatment programme has been fully implemented across all operating areas to deal with the impact of HIV and AIDS on its employees. Successful wellness programmes and medical surveillance are ongoing in addition to enhanced healthy lifestyle education and personal health assessment.

Corporate Governance

The recommendations and requirements of the King II Report on Corporate Governance and the related requirements of the JSE are integral to our corporate governance framework. The Board continues to uphold the underlying principles of openness, integrity, accountability, transparency and social responsibility. This was acknowledged through research conducted by the Board Barometer, an organisation which assesses the level of compliance South African companies exhibit towards the composition of their Boards and their attitude towards corporate governance and transparency. The research rated Tongaat Hulett in first position of the 16 companies surveyed in the food and beverage sector.

The annual evaluation of the Board and its committees was conducted in 2007 and provided us with important feedback on how to further improve the effectiveness of the Board and its sub-committees.

The company fully complies with the requirements of the King II Report.

Appreciation

My sincere gratitude goes to my colleagues on the Board whose support, guidance and wise counsel, as always, proves to be invaluable. Tongaat Hulett is fortunate to have on its Board a wide range of experienced individuals who also add valuable diversity and insight. I would like to express my sincere appreciation to the CEO, Peter Staude, his management team and staff who have continued to perform with passion, competence and commitment. They have delivered another year of solid growth for Tongaat Hulett.

The company is a visibly different company from what it was last year and as it moves forward with even greater focus, it remains poised to take advantage of the ever-changing business environment dynamics.

Cedric Savage
Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

21 February 2008

Peter Staude
Chief Executive Officer

Tongaat Hulett has continued to grow profits from operations in 2007 and to build its competitive position as an agri-processing business which includes integrated components of land management, property development and agriculture. Profit from Tongaat Hulett's continuing operations increased by 15 percent to a record R838 million.

The year included the completion of a corporate restructure and, at the end of June 2007, The Tongaat-Hulett Group unbundled its shareholding in Hulamin to its shareholders following the listing of Hulamin on the JSE to establish two focused, separately listed entities in the form of Tongaat Hulett and Hulamin. The corporate structuring transactions included BEE equity participation in both Tongaat Hulett and Hulamin and a Tongaat Hulett share repurchase. Tongaat Hulett was confirmed as a top performer in the area of transformation when it was awarded Level Three Contributor status in terms of the broad based South African BEE Scorecard, which entitles its customers to recognise 110 percent of their procurement spend with the company.

In this period, a number of factors impacted, both positively and negatively, on the business. Some of the more significant issues included a shortage of unconditional developable land stock, improved market prices of land in the eThekwini area, the small South African sugar crop, maize input costs at import parity levels, the national energy crisis and difficult conditions in Zimbabwe.

The systematic positioning over a number of years of the operations and the leveraging of the synergies that exist between the agri-processing operations and prime agricultural landholdings have created a single focused entity with the commitment, expertise, ability and platform to benefit from opportunities that the changing global agriculture, land, energy and trade environments are creating for Southern Africa. During the latter part of 2007, the benefit of the increased focus and related actions in the business became increasingly evident, which is important going into 2008 and building towards 2009. It is pleasing to note the progress made in many areas with the emphasis going forward being placed on increasing unconditional developable land stock, land development opportunities around the new international airport at La Mercy, positioning the starch operations to benefit from a more competitive maize position, the expansions in Mozambique, restoration of production in Zimbabwe and improving cane supplies in South Africa. In the cane processing operations, attention is focused on increasing realisations from bagasse, molasses and tops and trash, with opportunities emerging in power generation and bio-ethanol production.

TONGAAT HULETT'S COMPETITIVE POSITION IN A CHANGING WORLD OF AGRICULTURE

Review of Global Environment

The structural changes in agricultural markets gained momentum in 2007, with demand for renewable energy sources increasing. Adding impetus to this was the strong growth in food demand, particularly in developing countries such as China and India, driven by changes in dietary habits as people become more affluent and population numbers increase. The interrelationships between crops, such as soya and other edible oils, maize, cassava, wheat and sugar are increasing as farmers and agri-processors are confronted by choices as to which crops to farm and process based on their relative profitability. Tongaat Hulett with its portfolio of agri-processing assets is well positioned in this world of increasing demand for agricultural products.

World sugar prices, following initial increases to over 19 US cents per pound in early 2006 declined during 2007 to a low of 8,5 US cents per pound on concerns of a rise in production in India. Since then, in early 2008, prices have recovered to current levels of 14,5 US cents per pound. Following previous World Trade Organisation (WTO) rulings on European sugar exports, pressure continues to be applied for market reforms in the European Union (EU) with the recent announcement of an increase in the incentives for sugar beet growers to exit the market. This, coupled with additional demand from renewable energy and the value against the US dollar of the currencies of key producers, such as Brazil and India, is expected to result in increases in the world sugar price over the medium term.

In international maize and edible oil markets, prices have more than doubled since the end of 2005, driven particularly by demand for biofuels. This trend was reinforced by the recent signing of the new energy bill in the United States that places further pressure on maize supply to ethanol, leading to the expectation that demand for maize over the next five years will continue to increase. The higher world maize price is driving increases in world starch and glucose prices and is leading to South African maize farmers becoming more profitable, even at prices close to export parity. This trend is expected to support improved margins in the production of starch-based products.

The growth in demand for agricultural products, coupled with an increase in competition for alternative land usage due to increasing urbanisation and tourism growth, is resulting in an increase in the significance of agricultural land in many countries. In such an environment, Tongaat Hulett continues to benefit from increases in its land values and earnings generated from its landholdings utilising the competencies developed to manage all facets of land, including agriculture and agri-processing operations and the transition to property development.

Expanding Sugar Production to Benefit from Improved Access to Attractive Markets

The evolving world sugar fundamentals continue to support Tongaat Hulett's strategy of growing its earnings through sugar expansions in low cost regions with access to the attractive European markets at market realisations above current world prices. In these evolving markets, the focus in the sugar operations is to increase sugar production from

the current level of 1 119 000 tons in 2007. Milling capacity will be in excess of 1 945 000 tons in the 2009/10 season after the completion of the expansion of the Xinavane mill in Mozambique. The constraint to maximise milling capacity utilisation has shifted to cane availability. In addition to previous WTO rulings, the long-standing sugar protocols between the EU and ACP (African, Caribbean and Pacific) countries are to terminate on 30 September 2009. These protocols will be replaced by economic partnership agreements that will facilitate a doubling in imports of sugar into the European Union to 3,5 million tons per annum.

Land Management and Property Development

The significance of Tongaat Hulett's landholdings within the SADC region, particularly the prime locations within the city limits of eThekwini and the coastal areas south of the Tugela River, require an effective land management and property development approach. These landholdings provide cane to the sugar cane processing operations and are an integral part of the strategies that seek to increase the supply of cane to the mills and manage the various dynamics affecting cane, including seeking productive resolution of land claims in areas of cane supply. The realising of value from a development perspective takes place in a co-ordinated and phased approach when conditions are appropriate. Tongaat Hulett has the competence and platform to maximise value over time in all phases of land usage - from acquisition, agriculture and agri-processing to the transition to property development.

Increasing Importance of Renewable Energy in the Agricultural Value Chain

As the trend towards the integration of agriculture and energy continues on a global basis, Tongaat Hulett's mix of assets and geographic locations are likely to lead to an increasing

component of its earnings being derived from the production of renewable energy in the form of biofuels and cogeneration of electricity. In Brazil, the fastest growing sugar industry in the world, a clearly defined government strategy that provided a clear framework and support has resulted in the establishment and viability of a significant sugar cane industry where the integrated renewable energy component has been a key part of its success.

Renewable energy in the Southern African sugar industry will be a key element for the growth and long-term viability of millers and growers as it should create opportunities for increased realisations from bagasse and molasses. Tongaat Hulett's sugar mills in Southern Africa, operating at full capacity, would have the potential to generate approximately 660MW of electricity using current technologies if they were to utilise all the bagasse and two thirds of the tops and trash from the cane supplied to the mills. This would have the environmental benefit of saving 2 million tons of coal annually and reducing CO_2 emissions by 4,25 million tons in season.

Recognising the crucial short-term supply side role of cogeneration, the South African government has announced its intention to utilise all viable project proposals that Eskom receives from the private sector in response to its request for proposals. Current indications are that Eskom will look to acquire at least 3 500MW of electricity from private sector cogeneration projects by 2012 with incentives in place for projects able to provide electricity by 2009/10. In 2007, Tongaat Hulett supplied 5MW during the crushing season into the South African national grid.

During December 2007, the South African Cabinet approved the biofuels industrial strategy. The strategy envisages an initial five-year pilot stage with a target to achieve a 2 percent or 400 million litres per annum penetration of the national liquid fuel supply. Following concerns surrounding food security in South Africa, maize was excluded as a raw material for biofuel production. The current biofuels strategy is silent on the mandatory blending of ethanol, recognised in other areas of the world to be a critical success factor in establishing a viable biofuels sector.

Value Added Products and New Product Development

In starch, one of nature's most versatile raw materials, and in sugar, arguably nature's most efficient source of carbohydrate, Tongaat Hulett has the platform for a variety of downstream products. During 2007, a more integrated approach to product development between the sugar and starch operations was implemented with a number of significant opportunities under investigation. Arising from the development of the WSM technology currently being enhanced at the slipstream plant at Felixton, a project to produce high purity fructose products from various sugar streams has been developed. A commercial plant is under construction at the sugar refinery and is due for commissioning in the second quarter of 2008 with plans for a larger plant being developed.


AMYRAL
CORN
STARCH
25 kg
Tongaat Hulett
Manufactured by

The development of Zeba®, a starch-based hydropolymer product used as a soil amendment agent that is able to retain and release water and nutrients is progressing well, with an additional extensive round of agricultural trials being implemented in the 2007/08 summer season.

In its starch and glucose operation, Tongaat Hulett continues to implement projects to grow the sales of higher value products. During 2007, specialised glucose sales grew by more than 8 percent, pre-gelatinised starch sales by 20 percent and sales to the adhesive markets grew by 33 percent. In the last quarter of 2007, the installation of a second pre-gelatinisation plant at the Meyerton mill was approved, with commissioning due in mid-2008.

FINANCIAL RESULTS FOR 2007

Tongaat Hulett's profit from continuing operations in 2007 increased by 15 percent to R838 million (2006: R726 million).

Operating profit from property developments increased by 32 percent to R428 million (2006: R325 million) with additional capital profits of R48 million (2006: R26 million) being realised. 83 hectares of developable land were sold in 2007 in the Umhlanga Ridgeside, Izinga, Kindlewood, Ilala Ridge, Umhlanga Ridge Town Centre, RiverHorse Valley Business Estate, Bridge City, Briardene and Zimbali Coastal Resort developments. Late in 2007, the Umhlanga Ridgeside development framework plan consisting of 140 hectares was approved.

Profit from sugar operations was R360 million (2006: R356 million), with the Zimbabwean operations being accounted for on a dividend received basis only. Total sugar production in 2007 was 1,119 million tons (2006: 1,067 million tons, before the acquisition of Hippo Valley). The factors affecting production levels are explained in the Review of Operations and include the significant reduction in the South African sugar crop in 2007. The five operations in Mozambique, Zimbabwe and Swaziland contributed R176 million (2006: R99 million) to profit from operations.

Profit from starch operations was R105 million in 2007 (2006: R96 million). Margins remained under pressure with maize input costs being at import parity levels for a significant portion of the year. The last quarter saw improvements in international starch and glucose margins as markets responded to higher raw material costs. Sales volumes in the domestic market grew by 6 percent driven by strong growth across the alcoholic beverage, coffee and creamer, confectionery, mining and prepared foods sectors. Capacity optimisation and efficiencies at operations improved during the second half of 2007 as equipment upgrades and reliability initiatives started to yield benefits.

Pursuant to the listing and unbundling of Hulamin, Tongaat Hulett's 50 percent share in Hulamin was fair valued through the income statement by R3,348 billion in June 2007 and thereafter unbundled as a distribution in specie. Hulamin's net profit of R42 million, excluding the valuation gain, for the period up to the unbundling is reflected as a discontinued operation.

The corporate transactions concluded by Tongaat Hulett in 2007 included a 25 percent BEE equity participation and a return of capital to shareholders by way of a share buy-back. The cost of the 18 percent BEE equity participation was measured and recognised at the grant date in June 2007, resulting in a once-off IFRS 2 cost of R320 million being charged to the income statement. The IFRS 2 costs relating to the 7 percent BEE employee transaction will be amortised over five years and commenced in the second half of 2007 with a cost of R13 million having been recorded. Once-off transaction related costs of R50 million have also been brought to account. The share buy-back, totalling R506 million including STC, was implemented in July 2007. The once-off BEE and transaction costs are not tax deductible.

The full details of all the corporate transactions concluded in 2007 were included in the circular to shareholders and were approved with a 99 percent vote in favour at a general meeting of shareholders held on 11 June 2007, where 84 percent of shareholders were represented. The financial effects of the transactions as recorded in the 2007 annual financial statements are consistent with the detailed analysis contained in the circular to shareholders. The 2006 annual report provided detail and rationale for the transactions. Further detail is provided in the accounting policies and framework section of the 2007 annual financial statements, as well as in the notes to the annual financial statements.

Tongaat Hulett's cash flow from operations in 2007 includes cash generated of R970 million, tax payments of R293 million and an increase in working capital of R175 million.

Net finance costs were R119 million. The R88 million net finance income in 2006 in the Tongaat Hulett segment of the income statement includes finance income related to the Hulamin finance structure while the Hulamin discontinued operation segment includes finance costs. Finance costs in 2007 were affected by higher net borrowings and higher interest rates.

Net borrowings, after taking into account cash, as disclosed on the consolidated balance sheet amount to R991 million and include the effects of normal cash flow movements during the year, dividends paid and the impact of the share buy-back. The balance sheet reflects the consolidation of the debt in the BEE equity participation entities, as required by International Financial Reporting Standards. This BEE debt has no recourse to Tongaat Hulett and will effectively be equity settled.

Taking the aforementioned into account, attributable net profit totalled R3,457 billion. Headline earnings were R61 million, which includes the once-off transaction costs and BEE IFRS 2 costs and excludes the Hulamin fair valuation. The 2006 headline earnings of R703 million included the Hulamin contribution for a full year.

The Board has declared a final dividend of 160 cents per share, which brings the total annual dividend to 310 cents per share for the new Tongaat Hulett.

REVIEW OF TONGAAT HULETT OPERATIONS

Tongaat Hulett has the advantage of owning a compelling mix of agri-processing assets in Southern Africa with access to attractive markets. It continues to follow an expansion path that favours large-scale agriculture and agri-processing operations in selected countries, given the importance of understanding and establishing social, political and community support in Africa and the associated land and water management requirements. Through its South African sugar and starch and glucose operations, it produces almost half of the refined carbohydrates manufactured in South Africa. Its four significant operations in Mozambique and Zimbabwe are located in agricultural areas that represent some of the lowest cost sugar production regions in the world.

Starch and Glucose

Maize Procurement

As worldwide demand for food increases and an increasing proportion of food crops are diverted to renewable energy, global food commodity stocks, such as maize, are declining. The low stock levels combined with a limited ability to increase the area of land available to agriculture has lead to increases in the international price of maize to levels at which the South African agricultural industry is competitive. This is evident in the increased South African plantings for the 2007/08 maize season which, coupled with good early season rains, is increasing the competitiveness of the starch and glucose operations.

Tongaat Hulett secures its physical supply of non-genetically modified maize through direct contracting with farmers and

contracting for delivery with selected grain traders. The physical supply for the rest of the 2007/08 season and the bulk of the supply for the 2008/09 season has been contracted.

The pricing of the maize is delinked from the physical supply utilising two methods, namely toll manufacturing arrangements with selected customers where the final product price reflects the maize input costs, and the back-to-back contracting approach in which the maize is priced at the time the final product price is agreed with a customer. These approaches effectively eliminate the risk of profit volatility that could arise from valuation adjustments on maize. The back-to-back method does not eliminate the profit volatility which arises due to the relative prices of South African maize compared to the world prices. A mechanism that could potentially lock in local maize prices at levels competitive with world prices for longer periods is currently being concluded.

Following a second consecutive small maize crop in South Africa (7,125 million tons), maize prices traded at or near to import parity for the major part of the 2007 financial year. International maize prices, which rose significantly in September 2006 from US$90-100 per ton to levels above US$170, continued to trade in a range of US$125-180 per ton for most of the year, averaging around US$150 per ton, with a sharp increase to US$180 per ton late in December 2007. These high levels, combined with South African maize prices close to import parity, resulted in significantly increased maize costs for 2007. At the end of 2007, Tongaat Hulett had priced 35 percent of its maize for the 2008 financial year against contracts with customers.

Local Market

Tongaat Hulett Starch experienced good demand for its products in 2007, with local market volumes growing by 6 percent. The business continued to hold its own against strong import competition and made further progress in gaining market share. Following its growth in 2006, a strong performance was delivered by the confectionery sector that grew by 11 percent. Other sectors which performed particularly well were spray drying (coffee creamers and instant coffee), up 16,6 percent, paper converting, up 17,3 percent, and prepared foods which was up 13,3 percent. Projects to grow the sales of higher value products continue to be implemented and during 2007, maltodextrin sales grew by more than 7,8 percent, pre-gelatinised starch sales by 20,4 percent and sales to the adhesive markets grew by 33 percent.

During the last quarter of 2006, international starch and glucose prices began to respond to the increase in international maize prices. This trend continued into 2007, resulting in significant price increases in these products in the South African market. In particular, the general trend in international agricultural commodity prices resulted in significant price increases in co-products during the latter part of 2007, helping to offset the increase in maize costs. The impact of higher agricultural commodity prices is still not fully reflected in the price of downstream products.

Export Markets

The high price of South African maize, relative to international maize prices, continued to render Tongaat Hulett uncompetitive in most international markets in 2007. Export volumes reduced by a further 20 percent following a 50 percent reduction in 2006 and margins remained under pressure in those markets which it continued to service. In order to improve its position in international markets, a new entity, Tongaat Hulett Starch Australia was established in 2007 to enable more effective trading into this attractive region. In addition, new agents in a number of Far East countries were engaged. These initiatives are expected to improve Tongaat Hulett Starch's ability to take advantage of export opportunities as the underlying maize fundamentals improve. Much of the focus is on higher value products that are less sensitive to the maize price.

Cost Management, Efficiencies and Capacity Utilisation

Maize costs continued to be the dominant factor. Efforts to manage the on-costs of handling maize resulted in maize storage costs not increasing during the current season.

Following the commissioning of a number of capital projects, including new ion exchange units at both Germiston and Klipriver and the installation of a rotary vacuum filter at Klipriver, product recoveries improved in the second half of 2007.

Trends in International Starch and Glucose Markets

World markets have continued to be heavily influenced by the high price levels of agricultural commodities, driven largely by the switch, in various parts of the world, to biofuel production from renewable resources. This has led to starch and glucose prices increasing through the 2007 year, with a similar effect


Huletts®
Pure Sugar - Pure Sweetness
White Sugar
2,5 kg

on prices in the South African market. This trend is expected to continue into 2008, with early indications of interventions in some markets, such as China, where export rebates have been removed on selected agricultural products and export taxes introduced.

South African Sugar Operations

SA Sugar Crop, Agriculture, Cane Supply and Milling Capacity Utilisation Initiatives

The sugar mills situated on the North Coast of KwaZulu-Natal continue to experience a shortage of cane supply. Grower viability, the uncertainty created over land ownership and adverse weather conditions in recent years have all contributed to reduced cane supply. Opportunities exist to increase cane production in terms of available land and water supplies. The finalisation of an appropriate legislative regime for biofuels and electricity cogeneration, coupled with the resolution of the land transformation process will result in the expansion and improved viability of the sugar industry in the area.

Adverse growing conditions experienced in 2006 continued into 2007 and, together with a reduction of 2 842 hectares under cane supplying Tongaat Hulett's mills, resulted in a decrease in sugar production to 604 000 tons in 2007 (2006: 666 000 tons). The small 2006 and 2007 crops resulted in lower export sales volumes in 2007 and an increased cost per ton of sugar produced.

In order to match existing capacity at its South African cane milling operations, land management initiatives to increase cane supply continue. Cane supply initiatives, to increase the area of land under cane and improve yields, have been identified for implementation, in addition to the recently identified large-scale cane projects situated in the Mkuze area on which investigations have commenced.

The dominant features of achieving greater yields per hectare lie in cane receiving the appropriate amount of rainfall at suitable times of the year, together with improved farming practices. Processes designed to encourage and enable growers to apply the correct farming practices are currently underway with the aim of improving yields to above 64 tons per hectare in a good rainfall year.

In order to improve yields and increase the area under cane, Tongaat Hulett continues to pursue the expansion of its cane extension services and the associated transport initiatives to support the establishment of cane on third party land that is fallow or being utilised for alternate crops. This is coupled with initiatives to increase cane supply by acquiring land that is currently not supplying the mills, supports property development and adds value to its existing landholdings. As part of this process, Tongaat Hulett is assisting in the land claims processes within its cane catchment area in a positive and constructive manner that ensures cane supply to its mills is sustained and that it manages cane areas under urbanisation and development pressures.

Tongaat Hulett is able to demonstrate proof of ownership on its landholdings pre-dating 1913. Some 4 200 hectares of Tongaat Hulett owned land, of which only 468 hectares is prime development land, is under gazetted land claims. Tongaat Hulett continues to monitor and assist in the settlement of

land claims on land supplying its mills in the most appropriate manner to improve future cane supplies.

Operational Performance – Milling and Refining

Tongaat Hulett's sugar technology leadership was confirmed during the year with milling performance continuing to exceed industry benchmarks measured in terms of critical sugar recovery. Improvements in efficiencies and capacity at the refinery continued, with refined production increasing to 574 000 tons (2006: 504 000 tons).

Domestic Market

Tongaat Hulett continues to optimise the value of the Huletts® brand as the leading sugar brand in South Africa. The brand remains the cornerstone of Tongaat Hulett Sugar's market positioning and offers a total sweetener solution including a range of high intensity sweeteners. Local market sales of 460 000 tons decreased by 2 percent over the prior year with stockholdings at December 2007 decreasing to 144 000 tons.

An application has been made, with the support of the DTI, to ITAC for an increase in the import tariff reference price from US$330 to US$400 per ton. This will better protect the local market against duty paid imports in times of low world prices.

International Markets

Lower sugar production and carry in stocks resulted in a reduction in raw sugar export volumes to 245 000 tons (2006: 316 000 tons). These were sold at an effective world sugar price of 11,8 US cents per pound (2006: 12,8 US cents per pound) at an average exchange rate of R7,12/US$ (2006: R6,56/US$). Stock on hand at the end of December 2007 reduced to 62 000 tons (2006: 76 000 tons).

Voermol

Having pioneered the production of bagasse and molasses-based animal feeds under the Voermol® brand, this operation continues to be a leader with its range of energy and supplementary feeds, amongst others, as the cornerstone of its offerings to the livestock farming community. This operation is integral to the strategy of optimising value from the molasses and bagasse from the sugar mills and showed an increased contribution to earnings with record volumes in 2007.

Biofuels

In South Africa, the Amatikulu sugar mill represents the most likely opportunity to produce ethanol from the sugar and molasses not required for sale in local markets. The Amatikulu mill currently crushes approximately 1,9 million tons of cane producing 215 000 tons of sugar and 76 000 tons of molasses. The envisaged project could include the construction of an ethanol plant using all of Amatikulu's molasses and 108 000 tons of export sugar to produce 80 million litres of ethanol as a fuel blend.

Electricity Cogeneration

The Felixton mill is ideally suited to large-scale cogeneration due to its current boiler capacity, which reduces the level of capital spend required. The cogeneration plant that will export 38MW to the national grid in season and 17MW out of season is subject to the success of the tender submitted to Eskom and the subsequent price negotiations. The plant could become operational 22 months after the project is given the go-ahead. In addition, feasibility studies are underway for cogeneration plants at the Amatikulu and Darnall mills.

Mozambique Sugar Operations

Tongaat Hulett's sugar operations in Mozambique consist of the sugar mills and estates surrounding Xinavane and Mafambisse.

Mozambique Sugar Crop, Agriculture and Milling Capacity Expansions

Managing the complexities and interruptions associated with expansion projects, the Mozambique operations were able to produce 108 000 tons of sugar in 2007 (2006: 106 000 tons).

The fast tracking of the Mozambican expansions totalling R1,3 billion continued during the year, building on the solid platform established in the country over the past seven years. Land preparation and the planting of cane at Xinavane are well advanced in order to utilise the expanded factory's crushing capacity and to capitalise on market reforms in the European Union. The expansions at Xinavane and Mafambisse that will increase the current sugar production capacity of 156 000 tons to 286 000 tons per annum are progressing in accordance with the planned project timelines for the April 2009 start up.

The official opening, by the President of Mozambique, of the Muda Dam situated close to the Mafambisse sugar mill, north-west of Beira, took place during the year. This has facilitated the expansion of a further 2 555 hectares of cane under

irrigation at Lamego that will supply the mill with sufficient cane for its current annual sugar production capacity of 82 000 tons. Planting activities in these areas are expected to be completed during 2008 allowing the full tonnage to be available to the mill with effect from the commencement of the 2009 crushing season.

Capitalising on the agricultural conditions, the installed capital base and support from the Mozambique government, the possibility of increasing the Mafambisse mill's capacity by over 40 percent to 116 000 tons of sugar is being investigated.

The above expansions in Mozambique would result in the production of 320 000 tons of sugar by 2010.

Market Access

Despite delays in the original timetable for the signing of Economic Partnership Agreements (EPA), limited agreements dealing with trade in goods were concluded before the deadline of January 2008. This enables commercial trade arrangements to continue unhindered until September 2009 when the current sugar protocols end and are replaced by the final EPAs that will see an increase in sugar imports to the European Union from 1,6 million tons per annum to 3,5 million tons per annum.

Following the WTO rulings in 2006, the EU will reduce sugar exports into the 40 million ton world sugar market from levels of 5-7 million tons to no more than 1,4 million tons from 2007 onwards. This is coupled with the Everything-but-Arms (EBA) initiative that provides for duty and quota free access to EU markets for Least Developed Countries (LDC) from 2009 and the announced EU sugar market reforms that provide for an institutional reference price of Euro 335,20 per ton until 2015.

Zimbabwe Sugar Operations

Under the current socio-economic environment, Tongaat Hulett's immediate strategy in respect of Triangle Sugar and its 50,35 percent stake in Hippo Valley Estates is to manage these operations on a basis that ensures that the infrastructure and skills base is maintained. Programmes are being developed to ensure sugar production is rehabilitated from the 2007 level of 349 000 tons to fully utilise annual installed capacity of 600 000 tons. Particular emphasis is on working with and increasing cane supplies from outgrowers. Ethanol has been produced at the sugar operations in Zimbabwe since 1980, with Zimbabwe as an ACP country enjoying similar preferential market access to attractive European markets, as do Tongaat Hulett's Mozambique operations.

Optimisation efforts in attractive markets prior to the implementation of the announced sugar market reforms continued during 2007 with the average export price realisations increasing by 27 percent.

Renewable Energy

In Mozambique, the duty free access into the EU for LDC and ACP countries is of particular relevance. The primary focus of ethanol production in these operations would be for sale to the EU in terms of Mozambique's preferential market access. Tongaat Hulett is pursuing opportunities for producing biofuel at Cofomosa (Moamba) in Mozambique as part of the expansion plans at Xinavane.

Swaziland Sugar Cane Operation

The Tambankulu sugar cane estate in Swaziland has consistently achieved excellent sucrose yields due to the good soils and growing conditions in the region. These conditions resulted in the production of a record raw sugar equivalent of approximately 58 000 tons during 2007 (2006: 55 000 tons) with world-class sucrose yields of over 18 tons per hectare.

In 2007, under extremely difficult circumstances, sugar production totalled 349 000 tons (including 156 000 tons from Hippo Valley). Triangle produced 240 000 tons in 2006. The business is presently contending, inter alia, with the extreme effects of hyperinflation, exchange rate devaluation, foreign currency shortages and price controls in Zimbabwe. In 2007, local market sales were at selling prices significantly below world and regional levels. Efforts continue to improve the overall market realisation for sugar produced at Triangle and Hippo Valley, given the effects on domestic market prices within a hyperinflationary economic environment. Current initiatives include:

- Optimising sugar exports,
- Controlling the illegal trade of sugar into neighbouring territories, and
- Managing the impacts of exchange rate policies on access to export proceeds for the importation of supplies as well as dividend repatriation.

Dividends of R53 million were received from Triangle Sugar (2006: R61 million).

Land Reform and Indigenisation Issues

The Indigenisation Bill passed by the Zimbabwe Parliament has yet to be enacted by the president. The bill represents an intention to indigenise the economy but does not empower the responsible minister to force corporations to indigenise within any time period. In its current form, the bill is applicable only to entities that undertake a corporate restructuring through merger, unbundling or divestment.

Integration of Triangle and Hippo Valley Estates

The integration of Triangle with Hippo Valley Estates and the realisation of rationalisation and synergistic benefits in order to improve sustainability and to prepare the entities for the normalisation phase remains an area of focus. Progress to date includes the alignment of policies, procurement and strategic stockholdings, sugar marketing and branding, integration of medical schemes, and sharing of skills and resources through joint management services.

Rehabilitation of Existing Capacities

During 2007, production at the sugar mills of Triangle and Hippo Valley fell to 349 000 tons from the previous 440 000 tons due to delays in the timing of land preparation, harvesting and haulage operations. Plans are in place in 2008 to minimise the effect of these issues on agricultural operations and cane production.

The Zimbabwe land reform programme was undertaken without provision for equipment, working capital, finance and training for the newly settled farmers to grow and harvest the established sugar cane crop. This has lead to yield reductions of 72 percent on outgrower farms, with the crops perishing on 38 percent of these farms. In addition, shortages of agro-chemicals, spares and foreign currency have detrimentally affected all agricultural operations. Current efforts to restore the sugar cane yields are focused on lands recently settled by beneficiaries of the land reform programme and will contribute to production rising to the current installed capacity of 600 000 tons.

The Triangle and Hippo Valley operations provide extension services and support programmes to all qualifying outgrowers of sugar cane, at full cost recovery, through technical training, sourcing of key inputs and finance, and access to surplus farming assets at Mkwasine. A Canelands Trust has been established and low cost finance from the Reserve Bank of Zimbabwe and access to adaptation aid from the EU are being sought to finance a three-year replanting programme on the 11 750 hectares under sugar cane.

Discussions with government are underway to create joint ventures on the surrounding 4 511 hectares of outgrower land that has perished and was deemed to be non-viable under present allocations. The land would be farmed either as a joint venture with government or as a company estate with the beneficiary being employed for the period, to gain the expertise required. The investment in this respect will be recouped via the

harvest of cane. Linked to this process is the resolution of the impasse over the estate at Mkwasine, the security of the other Triangle and Hippo Valley estates from compulsory acquisition and interference and the need for regular reviews of sugar prices as key success factors for the rehabilitation of the raw sugar industry and the future success of land reform.

Land and Property Development

Value Creation from Agricultural Land Conversion

The phases of property markets, and the timing thereof, are difficult to predict and are affected by government approvals and infrastructural investment support, the competitive environment, major developments and market demand. Over a number of years, Tongaat Hulett has developed the ability to influence these processes and reduce its risk whilst optimising the value of its agri-processing operations and landholdings through its profile of:

- Leading development skills and competencies,

- Bulk, concentrated land ownership,
- Planning partnerships with eThekwini and KwaDukuza municipalities,
- Optimising the pace of transition for value in the development cycle,
- The reduction in landholding costs through the continued use of agricultural land up to final transition to property developments,
- A number of land use options,
- Various options for securing cane and maize supplies,
- Opportunities for the land reform process to increase the agricultural base and developmental prospects, and
- The combination of agriculture, agri-processing and property development provides many options of how to satisfactorily deal with land claim issues with Tongaat Hulett able to prove ownership for all developable land dating back to before 1913.

Tongaat Hulett's land management, land planning and land development strategies support the above-mentioned property development objectives. These strategies provide the appropriate platform for protecting land rights and cane supply to mills, managing land claims, co-ordinated and holistic development planning, realising maximum value from agricultural land, managing the pace of this transition for optimal value, securing timeous development rights and completing approved developments.

Market Review

Capitalising on its platform of prime property developments established over the past 15 years, its prime land with available development rights, strong market conditions and the development pace in the KwaZulu-Natal coastal corridor north of Durban, Tongaat Hulett was able to post record revenue and operating profits from land developments for the fifth consecutive year.

The procurement of development approvals for Umhlanga Ridgeside towards the end of 2007 resulted in an excellent initial sales performance of 160 000 square metres of commercial bulk. Reflecting the high demand for developments in the Umhlanga region, the Umhlanga Ridge Town Centre mixed-use development recorded sales for the year of some 98 000 square metres of bulk, with sales of the remaining saleable stock expected to be concluded in 2008.

The Zimbali Coastal Resort joint venture with IFA continued its strong performance, with 96 percent of the resort sold. IFA commenced construction of its 150-room five-star Fairmont hotel and further progress was made with the planning of the Zimbali Lakes development incorporating the Gary Player designed golf course.

The continued demand for and lack of prime industrial sites lead to good sales at record selling prices in the RiverHorse Valley Business Estate.

The public private partnership with the eThekwini Municipality, Bridge City, achieved good initial sales, which included a new regional shopping centre and represented a positive indicator of strong market acceptance for this new development.

Demand for vacant residential land in the Umhlanga / Mount Edgecombe area during 2007 remained strong despite the rising interest rate environment and the impact of affordability

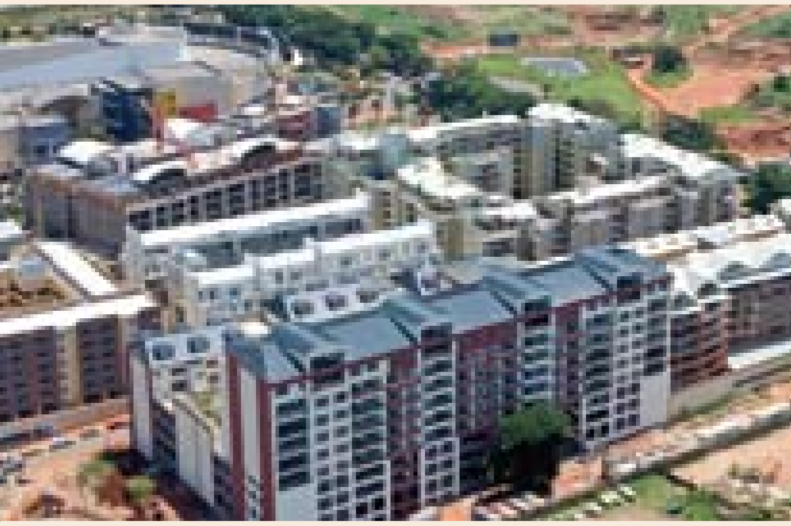
considerations introduced under the requirements of the National Credit Act. The sellout of Izinga Ridge and more than 150 of the potential 569 dwelling unit sites in Kindlewood were the main contributors to the residential sales in 2007.

Operating Environment

The restricted availability of unconditional developable land stock on the North Coast of Durban, coupled with the protracted development approval process and increasing demand has lead to significant increases in selling prices. Market conditions over the next three years are expected to remain firm with the completion of the new International Airport and Dube Tradeport and preparations for the 2010 Soccer World Cup.

Tongaat Hulett continues to work closely with the eThekwini Municipality, its infrastructure BEE equity partner, Ayavuna and the communities surrounding its developments for the mutual benefit of all. Particular emphasis has been placed on building and nurturing government relationships, community and stakeholder engagement, the approvals, planning and provision of infrastructure processes and new marketing and branding strategies. Following this approach good progress is being made towards securing planning approvals for the following developments in 2008:

- Sibaya Resort at Umdloti,
- Cornubia, a mixed use node incorporating affordable housing developments,
- Zimbali Lakes, incorporating a resort hotel and a Gary Player designed golf course, and
- The first phase of Shongweni, which in total comprises 970 hectares of developable area on both sides of the N3 freeway linking Durban and Johannesburg, to cater for an extensive commercial node as well as niche residential developments.



SUSTAINABILITY

Tongaat Hulett is committed to sustainable development and the integration thereof into all aspects of its business activities. Safety, health and environment, broad based Black Economic Empowerment, human resources and skills development, employment equity, indigenisation, where applicable, and corporate social investment in the communities in which it operates, continue to be key areas of focus.

Continuing with the programmes implemented in the areas of workplace safety, health and environment, 2007 saw continued improvements in all areas with a number of notable accomplishments during the period.

Improvements in Tongaat Hulett's safety performance continued in 2007, with the ultimate goal being an injury free workplace. The lost time injury frequency rate reduced to 0,14 from 0,19 in 2006, with a reduction of close to 90 percent over the past five years. Regrettably, three fatal accidents occurred during the year, one at Tongaat Hulett's Maidstone mill, and two in Mozambique at the Mafambisse facility. These incidents were investigated thoroughly, with action taken to prevent a recurrence of these types of incidents.

The organisation has long been aware of the enormity of the HIV and AIDS pandemic in the areas in which it operates and its potential impact on the associated economies and communities. Comprehensive and holistic health programmes underpinned by prevention, treatment, care and support have been in place at all operations for a number of years in order to reduce the impact of HIV and AIDS. Employees are actively encouraged to participate in voluntary counseling and testing (VCT). During 2007, there was a significant increase in all countries in the number of employees participating in VCT. Support for employees affected by HIV and AIDS continued, with 1 151 employees receiving free anti-retroviral treatment, up from the 390 in 2006.

Tongaat Hulett continues to make good progress in its environmental performance. The principles of ISO 14001 are widely applied, with specific targets being set to facilitate progress in key areas of environmental care and development. As global awareness on the impact of fossil fuels on global warming increases, a number of initiatives and projects, which will have a positive impact on its carbon footprint and greenhouse gas emissions, have been implemented. Ongoing progress is being made in harnessing the potential of sugar cane as a source of renewable energy generation, with new projects on both electricity cogeneration and biofuel production under investigation. The use of gas as opposed to coal as a source of cleaner energy has also advanced within operations.

Tongaat Hulett is determined to realise value for all stakeholders by performing responsibly in relation to the physical and social environment and acting with the highest ethical and moral standards. The principles of sustainable development and good corporate governance and their integration into all aspects of Tongaat Hulett's business activities are described in more detail in the sustainability and governance reports included as part of this annual report.

BROAD BASED BLACK ECONOMIC EMPOWERMENT

Building on its proud history of numerous meaningful and sustainable past broad based Black Economic Empowerment (BEE) initiatives for the benefit of all stakeholders, the corporate transactions completed in 2007 included a 25 percent BEE equity participation in Tongaat Hulett. This equity participation includes strategic partners, the disadvantaged communities surrounding its property developments and the small-scale cane grower communities surrounding the South African sugar mills. In recognition of the key roles played by employees in the sustainability of Tongaat Hulett, the equity participation also includes BEE management and employee share ownership schemes.

Following the successful introduction into Tongaat Hulett during 2007 of BEE equity partners, further recognition of the progress over a number of years was formalised with the accreditation by NERA of Tongaat Hulett as a Level Three Contributor. Highlights of the accreditation included:

- Confirmation of a score of 21,63 points (including 2 bonus points) out of 20 for the ownership element of the scorecard,
- A full score in the area of corporate social responsibility reconfirming Tongaat Hulett's continued commitment to building and enhancing the quality of life of people, with an emphasis on previously disadvantaged communities within which the company operates, and
- A score of 13,73 points out of a possible 15 in the area of enterprise development reflecting the activities undertaken to assist with the development of black owned medium sized businesses. Tongaat Hulett's Medium Scale Farm Programme resulted in the transfer of 98 farms, comprising 11 871 hectares of land, to previously disadvantaged emerging farmers.

Tongaat Hulett values the new dimensions that a diverse human resource base brings to its businesses. A strong employment equity culture has been fostered over many years, and actions are continuing to improve the representation of designated groups, with particular emphasis on Africans, women and people with disabilities. Currently, black employees fill 50 percent of management, and 77 percent of skilled and supervisory positions. Within the South African operations, 58 percent of the 450 graduates are black employees, with women constituting 33 percent.

During 2007, as part of the programmes to encourage the development of small black owned business, the first intake of emerging black farmers began their practical training at Tongaat Hulett's Kliprivier maize farm.

CONCLUSION

Outlook

As the business moves forward, there are a number of relevant factors and actions underway, including:

- Exchange rate movements that affect local pricing and costs, as well as Tongaat Hulett's exports.
- Substantial cane expansions in Mozambique will be completed to enable sugar production above 260 000 tons in 2009.
- The South African sugar operations' focus includes new cane procurement initiatives, together with ongoing drives to increase competitiveness on costs, efficiencies and yields. The small 2007 crop will affect the results in the first half of 2008. A reasonable 2008 sugar crop in South Africa and higher international sugar prices would have significant benefits for results in the second half of 2008.

- Electricity cogeneration supply agreements are likely to be concluded during the year.
- The attention in Zimbabwe will be on restoring local prices to regional equivalents and on building towards full available capacity utilisation of 600 000 tons per annum, with particular emphasis on working with and increasing supplies of cane from outgrowers.
- Going into 2008 with a limited stock of unconditional developable land, the immediate focus is on being able to proceed with Zimbali Lakes, Sibaya at Umdloti, Umhlanga Ridge Town Centre residential precincts and to accelerate the planning process in respect of Cornubia at Mt Edgecombe North, Shongweni and the land surrounding the new international airport. The development process around this new airport at La Mercy, Tongaat, will highlight the increasing value of land in that area.
- Higher international maize prices coupled with improved local planting intentions and good early season growing conditions have resulted in local maize prices moving closer to export parity levels, which should benefit the starch operation during the second half of 2008.

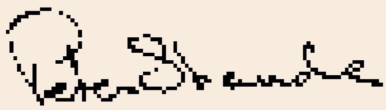
Overall, sustained growth in profit from operations is expected in the 2008 year and this, together with the non-recurrence of the significant once-off corporate structuring costs incurred in 2007, should lead to a considerable increase in headline earnings.

Acknowledgments

I wish to pay tribute to the employees of Tongaat Hulett and to thank them for their continuing dedication and commitment. Working together, we have established a competitive platform that will stand us in good stead into the future.

In January 2008, Gordon Hibbert, Managing Director of Tongaat Hulett Developments, passed away following a courageous battle against cancer. Gordon who joined the organisation in 1972 was a highly respected colleague and friend and will be missed by all. His vision and dedication to the organisation is reflected in the developments surrounding Umhlanga and on the North Coast of KwaZulu-Natal. Our sincere condolences are extended to his wife Janetta, his son Stuart and daughter Michelle.

The support and guidance that we have received from the Chairman, Cedric Savage and the Board is highly valued. Tongaat Hulett has benefited from their wise counsel and experience over a number of years.



Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

21 February 2008

Tongaat Hulett strives to ensure that sustainable growth and development initiatives are integrated into all facets of its business activities. The company ensures that the economic, social and environmental aspects affecting its performance and the relationship with stakeholders in these areas is evaluated and enhanced on an ongoing basis.

This report covers the year ended December 2007 and comprises the sustainability outcomes of Tongaat Hulett's South African, Swaziland, Mozambique and Zimbabwe operations.

Sustainable development highlights in 2007 include:

- The introduction of a 25% broad based BEE equity participation in Tongaat Hulett which includes community groupings, two BEE partners, Ayavuna Women's Investments and Sangena Investments, and share ownership plans for South African senior black management and employees
- Inclusion in the 2007 JSE's Social Responsibility Investment Index (SRI) for the fourth year in a row and being ranked among the 14 best performing companies on the JSE SRI Index
- Being awarded a high BEE scorecard rating as Level 3 contributor in terms of the Department of Trade and Industry scorecards
- Being awarded two FNB KwaZulu-Natal Top Business Portfolio awards in the categories of "Business and Financial Services" and "Partnership"
- A record participation of 76% South African based employees in Voluntary Counseling and Testing (VCT) for HIV
- Decrease in LTIFR (Lost Time Injury Frequency Rate) to 0,14, an improvement from 0,19 in 2006 and 0,28 in 2005
- Receiving a silver arrow award from PMR Africa recognising Tongaat Hulett as a company perceived as doing the most in its industry sector for sustainable development across South Africa
- Increase in black employee representation at top management from 25% in 2006 to 36 % in 2007

The company participates in initiatives that are relevant to the local communities within which it operates, have visible impact, and are sustainable in the future.

SAFETY

Substantial improvements continue to be achieved in safety performance at all operations, with a decrease in LTIFR from 0,19 in 2006 to 0,14 in 2007. LTIFR is the number of lost time injuries per 200 000 hours worked and includes all restricted work cases. The greatest progress was experienced in sugar where the LTIFR reduced to 0,13 in 2007 from 0,18 in 2006. In addition, R25 million was spent on new safety personnel carriers at all sugar operations. In line with the company's objective to continually improve safety performance, a further reduction in LTIFR is targeted.

Regrettably the company experienced three fatalities in 2007. At the Maidstone Mill, a contractor undertaking an off-crop task fell from a walkway and struck his head on a concrete plinth. He was treated at the scene by paramedics and air lifted to hospital where he succumbed to his injuries. In Mozambique two fatalities occurred at Mafambisse. A supervisor of a cane cutting team and a contractor were struck and killed by a tandem trailer. These fatalities were rigorously investigated and action taken to ensure that there would not be a recurrence of these types of incidents. In accordance with standard practice the findings have been widely disseminated throughout the company to increase awareness.

It is planned to progressively improve the safety target every year with the aim of achieving an LTIFR of 0,08 by 2010. Safety statistics since 2005 and targets for 2008 (adjusted to exclude Hulamin) are contained in the table opposite:

	ACTUAL 2005		ACTUAL 2006		**ACTUAL 2007**		TARGETS 2008	
	No. of LTI's	LTIFR	No. of LTI's	LTIFR	No. of LTI's	LTIFR	No. of LTI's	LTIFR
Sugar	89	0,24	66	0,18	62	0,13	40	0,11
Starch	14	0,90	6	0,44	9	0,66	5	0,37
Developments	4	4,99	0	0	0	0	0	0,00
Consolidated	107	0,28	72	0,19	71	0,14	45	0,12

All operations have programmes in place related to behaviour based safety, visible felt leadership, hazard identification and risk assessments, internal audits, management reviews and third party audits. Golden rules, standard procedures and safety training are key components of the safety improvement drive. Senior employees in operating companies are expected to ensure compliance with safety laws and remain responsible for taking steps considered to be practicable to mitigate any potential hazards.

Behaviour Based Safety

The company's operations have adopted proactive safety culture transformation processes commonly referred to as behaviour based initiatives, which are aimed at transforming at risk behaviour to a work culture with a high level of safety responsibility and accountability. Tongaat Hulett is well advanced in the implementation of behaviour based safety programmes. The programme includes the establishment of steering committees, completion of a perception survey, site assessments and the appointment of champions, coaches and assessors. This programme is a long term process requiring support, involvement and commitment at all levels of the business.

Visible Leadership

Management are encouraged to demonstrate visible leadership in safety, health and environmental issues. Senior managers inspect the scene where fatalities, lost time injuries and other safety related incidents have occurred and participate in thorough investigations and actions to prevent a recurrence. Management's visible involvement in assessing compliance with safety, health and environment (SHE) rules, standards and procedures on the shop floor has been stepped up. Actions include internal and external SHE audits, safe behaviour reinforcement, corrective and development coaching, planned job observations, job safety analysis and critical task identification.

Risk Assessments

In accordance with the relevant risk assessment processes, high impact SHE risks have been identified and assessed on a company wide basis. The risks are rated and evaluated, with contingency plans in place to address and mitigate significant risks. The identified risks include areas such as motorised transport, fire, explosion, air emissions, noise, HIV and AIDS.

Leading Practices

Benchmarking is used to measure standards against leading best practice. Relevant information and experience is shared across all operations and Tongaat Hulett SHE committee meetings are used as one of the vehicles to promote the implementation of leading practices and shared learning. Inter-operational site visits form an integral part of the shared learning process whereby management teams have the opportunity to gain first hand information on SHE practices and access to innovative ideas. Incident learnings are also shared across the company.

HEALTH

Tongaat Hulett values its employees highly, and their wellbeing is a priority. Occupational and primary health care programmes are provided at company clinics, first aid centres and at the high quality company hospital in Zimbabwe. Health care programmes include risk assessment and control measures, hygiene surveys and medical surveillance. Management in each of the operations is required to ensure that all legal requirements are complied with, and where legislation does not exist, leading practices identified and implemented.

HIV and AIDS

The enormity of the HIV and AIDS pandemic and its potential impact on the South African economy is acknowledged. The Corporate Governance Manual contains a Board approved HIV and AIDS policy, which encourages training and education, voluntary counselling and testing, and ensures the fair, compassionate and non-discriminatory treatment of those who may be affected by the disease.

Holistic and comprehensive HIV and AIDS management programmes are in place with the key elements being awareness, prevention, Voluntary Counselling and Testing (VCT), treatment that includes Anti-retroviral Treatment (ART), care and support. Due to the requirements of confidentiality and privacy, as well as medical and clinical expertise when treating HIV and AIDS patients, the company makes use of external service providers in some operations to co-manage the workplace programmes. Where appropriate, successful wellness programmes, linked to wellness days and medical surveillance, are held in various operations. The key components of these wellness programmes include healthy lifestyle education and personal health and assessment, including VCT.

Good progress is being made with the number of employees presenting for VCT. In 2007, 76% of the employees in South Africa, 62% in Swaziland and 58% in Zimbabwe have presented for VCT. In Mozambique, progress continues to be made in respect of HIV and AIDS programmes including VCT in conjunction with the Government of Mozambique. Strategies to ensure a further increase in the number of employees participating in VCT are in place such as linking VCT to occupational medical surveillance programmes, general wellness programmes and HIV and AIDS commemorative events such as World AIDS Day. The targeted uptake in 2008 is 80% in South Africa, 60% in Mozambique, 59% in Zimbabwe and 65% in Swaziland. It is envisaged that the participation rate would be above 80% per annum throughout Tongaat Hulett by 2010.

The company's ART programme is progressing favourably with 1 151 employees (101 in South Africa, 952 in Zimbabwe, 77 in Swaziland and 21 in Mozambique) currently receiving ART. The cost of ART, excluding the cost of other HIV and AIDS related programmes was R421 061 in 2006 and R543 229 in 2007.

Occupational Diseases

Active steps have been taken to eliminate occupational diseases with particular reference to noise induced hearing loss, occupational diseases such as asthma and dermatitis. Occupational health audits have been conducted at all operations during the past three years. Priority risks have been identified, appropriate targets set, action plans developed and programmes implemented. Further occupational health audits are planned for 2008, building on the solid platform that has been established.

Malaria

Malaria remains a significant health risk in the Mozambique,

Swaziland and Zimbabwe operations. Integrated malaria control programmes to mitigate the impact of the disease are in place at the respective operating centres. The key elements of the programmes are vector control with insecticides, prevention of mosquito bites with personal protective measures and treatment of established cases of malaria. The number of malaria cases in 2007 was 1003, with 751 cases reported in Mozambique, 1 in Swaziland and 251 in Zimbabwe in 2007. In 2006, 348 cases were reported in Mozambique, 19 in Swaziland and 46 in Zimbabwe.

ENVIRONMENT

The company seeks to responsibly manage natural resources and reduce waste generation. Research is regularly undertaken to measure and monitor the impact of its operations on the environment and implement systems to ensure that resources are used in a sustainable manner.

Policies and practices are in place in South Africa, Zimbabwe, Mozambique and Swaziland to ensure operations are managed within statutory and legal parameters as well as within self-imposed targets. In Mozambique, policies are being developed in line with local standards or in advance of local standards where these are deemed inappropriate.

Major environmental risks have been identified and appropriate action is being taken to either eliminate or minimise the risks concerned. Environmental incidents and complaints are well monitored, reported and acted upon. Significant progress has been made during 2007 with the recording of environmental data on emissions, energy consumption, waste quantification and resource conservation. Specific targets have been set at each operation and are being aligned to the ISO 14001, OHSAS 18001 and NOSA requirements. Objectives and targets will facilitate meaningful progress with regard to best practice in sustainable development. The achievement of objectives and targets is monitored by external auditors, and all operations are within the permitted legal specifications. Operational targets have been set in respect of primary water use, energy use, greenhouse gas emissions, air quality (sulphur dioxide emissions), land use and bio-diversity.

Tongaat Hulett's approach to property development is conceptualised and implemented around a sustainable development philosophy, which at its core, is aimed at achieving an appropriate balance between economic development, environmental conservation and social upliftment. Actions continue to be taken to find ways of reducing energy and water usage and to develop green lungs and indigenous carbon sinks.

The undertaking of Environmental Impact Assessments (EIA's) and implementation of the respective Environmental Management Plans (EMP's) are entrenched and all operations strive to conduct themselves in an environmentally responsible manner.

Climate Change

Tongaat Hulett's sugar mills are fuelled, during the 8-month sugar milling season, on bagasse (sugar cane residue) and renewable fuel, resulting in the company's operations having a small carbon footprint. Notwithstanding this, the company has implemented a number of initiatives and projects to positively manage the impact of the carbon footprint and greenhouse gas emissions from the operations. These include the conversion from the use of coal fire to natural gas, and improved plant and boiler efficiencies to reduce coal consumption. With the growing global drive to address the issue of carbon emissions and global warming on a more urgent basis, Tongaat Hulett has begun investigating a number of avenues which will positively reduce the impact of the carbon footprint, including further use of natural gas for steam generation, co-generation of electricity from natural gas in the starch operations and the expanded production of electricity from sugar cane bagasse. The company is investigating the production of bio-fuels from a number of feedstocks and at different geographic locations.

Air Quality

Since sugar mills burn bagasse as a fuel, the flue gases from the boilers do not contain harmful levels of contaminants. Wet scrubbing technology is used to remove fly-ash from the flue gas to ensure that emissions meet the required standard.

The central sugar refinery in the Durban South Industrial Basin burns coal as a boiler fuel and therefore has a greater challenge in terms of emission reduction. Relevant environmental authorities are consulted on a regular basis. Initiatives to improve operating efficiencies and minimise emissions include a procurement drive to source low-sulphur coal for reduced sulphur dioxide emissions and a R43 million complete refurbishment of the boiler plant.

Energy

The process of sugar production has a net favourable greenhouse impact. The sugar cane plant represents a fully renewable energy source since its biomass is generated in the field via uptake and conversion of carbon dioxide (CO_2). Energy consumed, and therefore CO_2 released, by sugar factories is obtained by burning the fibrous residue of the sugar cane plant commonly referred to as bagasse. Bagasse is burnt as a fuel in boilers to produce steam and generate electricity for the sugar mills, making them largely self-sufficient in energy terms and reducing dependence on fossil fuels. Coal is used as a primary fuel at the central refinery, which does not have a bagasse fuel source. A small amount of coal is burnt as a supplementary fuel at the sugar mills. Tongaat Hulett's sugar mills routinely generate renewable electricity for sale into the national grid. Two of the mills sell this electricity to a "green" electricity trader, for resale as certified renewable electricity to consumers. Discussions are under way with national government to facilitate a market for large-scale cogeneration of renewable electricity by the sugar industry.

At Tongaat Hulett Starch's Germiston mill, the gluten feed dryer and a boiler have been converted to operate on gas. These conversions have significantly reduced emissions from the mill. With the escalating price of coal, further investigations are underway to explore greater use of gas.

Energy usage is continuously measured and monitored and process efficiencies linked to continuous improvement targets.

Water conservation

The sugar cane plant comprises 70 percent water and sugar mills are therefore net producers of water. Water is consumed in various forms, with the largest user being the agricultural operations of Tongaat Hulett Sugar. Most of the sugar cane processed in South Africa is dryland cane, which is dependent on natural rainfall, although a proportion is irrigated. In Zimbabwe, Mozambique and Swaziland, large-scale irrigation is practised via purpose-built canal systems with water extracted from rivers. The management of these canals and irrigation systems is in keeping with the highest agronomy and safety standards. At Tongaat Hulett Starch, water usage is monitored on a daily basis and optimised to run at world standards for wet milling.

Water quality is monitored on an ongoing basis at all operations.

Effluent

To minimise the quantity of liquid effluent leaving each mill or plant, a "zero effluent" philosophy has been adopted by several operations. Sugar mills recycle and re-use water within the factory, while the remaining effluent undergoes biological treatment (aerobic and anaerobic) to reduce its chemical oxygen demand to acceptable levels before discharge. Water that is produced as part of the sugar milling process is used for irrigation of sugar cane on adjacent estates.

Tongaat Hulett Starch's effluent is treated at local authority treatment plants, with constant monitoring of effluent quality being carried out.

Waste

Some operations have re-engineered and refined services to reduce waste and increase resource productivity over the last few years. These initiatives have yielded significant savings offering new revenue streams from the sale, exchange and recycling of by-products. Specific projects in 2007 included the quantification of waste streams and the establishment of waste recycling programmes.

Food Safety

Tongaat Hulett continues to manage its maize requirements on a non-genetically modified basis using a sophisticated identity preservation system. This ensures the company's ability to meet the needs of its customers in the food industry. In addition, ongoing attention is paid to the requirements of ISO 9001 and the Hazard Analysis Critical Control Point system (HACCP) and ISO 22 000 in terms of quality and food safety standards.

Environmental Compliance

There were no major material incidents, fines or non-monetary sanctions for non-compliance with applicable environmental regulations during the year under review. Community liaison forums have been established between Tongaat Hulett and interested parties to address environmental related complaints. In 2007, 113 complaints were received, being a considerable reduction from the 183 received in 2006.

THIRD PARTY CERTIFICATIONS

All operating companies have embarked on programmes to conduct third party audits and / or certifications. In this regard, targets have been set for third party audits and certifications associated with NOSA, OHSAS 18001, ISO 14001, ISO 9001 and HACCP/GMP. All South African operations are certified under the ISO 14001 Environmental Management Systems. All sugar operations were audited by NOSA on the integrated star rating system. All starch operations are ISO 9001 certified, and are also ISO 14001 certified with the exception of Meadowdale. Germiston is OHSAS 18001 certified. Mozambique and Zimbabwean operations have undergone initial ISO 14001 assessment and it is envisaged that they will receive certification in 2008. The Swaziland operation is certified to OHSAS 18001, ISO 14001, ISO 9001 and NOSA. Some starch and sugar operations have embarked on HACCP/ ISO 22000 assessment with the objective of getting certified in 2008.

PEOPLE DEVELOPMENT

Superior performance is key to success in a challenging business environment. Programmes are in place at all operations as part of the companywide commitment to attract, develop and retain valuable skills. Performance and talent management processes establish clear roles and responsibilities, performance reviews, performance ratings, assessment of future potential and action plans to enhance performance across the company. Competency gaps and individual training and development needs are identified and action plans implemented to address these needs. These plans are linked to company workplace skills plans.

Issues that have received particular attention during 2007 include a further strengthening of performance and talent management. Action plans continue to be developed to address the needs of high performing and highly talented individuals and to deal with performance issues in cases where high standards being set are not achieved. It is planned to continue strengthening training and development practices at all levels including supervisory, management and leadership development, learnerships, in-service training, operator training and general skills development of shop floor employees. The implementation of coaching and mentoring processes is making satisfactory progress.

One of the major challenges is to recruit, develop and retain key skills in an environment of fierce competition for scarce talent. In this regard, there is a need to ensure an appropriate pipeline of skilled people to meet future skills requirements and for succession planning purposes. To support this objective, innovative recruitment strategies are being used which include the use of psychometric assessments and web based recruitment.

Bursaries, scholarships, trainee programmes and learnerships are sponsored by the company to assist with sourcing and developing bright young minds in anticipation of future skills requirements. To support this programme, strong partnerships have been formed with select educational institutions and Sector Education and Training Authorities (SETAs). Workplace skills plans and implementation reports are submitted to the relevant SETA on an annual basis. More than 2 056 employees participated in training programmes during 2007 and 82 employees participated in the company's study aid scheme, which is aimed at assisting employees with part time tertiary education. The number of learners, in-service trainees and bursars has been increased to 137.

It is planned to increase the number of learnerships, in-service trainees and bursaries to ensure a steady intake of young talent into the talent pipeline to meet future needs. At the same time an appropriate racial and gender composition will be ensured.

Intellectual Property

Tongaat Hulett's intellectual property is protected through employment contracts and confidentiality agreements with external parties. These agreements establish ownership of and rights to innovations and inventions resulting from any dealings with the company. In Tongaat Hulett Sugar a portfolio of patents is managed by a knowledge management specialist in consultation with patent attorneys. Protection of patentable ideas is achieved by taking out provisional patents immediately, with targeted national and international patenting.

BROAD BASED BLACK ECONOMIC EMPOWERMENT

Transformation and the creation of a diverse employee profile and indigenisation remain a key performance area and the company's track record has been outstanding. Steps are being taken to ensure that processes and measurements within the company are aligned with the relevant regulatory requirements and the Department of Trade and Industry's Codes of Good Practice. Where applicable, operations are involved in the formulation and/or implementation of relevant industry/ sector scorecards.

In 2007 Tongaat Hulett completed a corporate restructuring transaction, which included the introduction of broad based equity participation in the company. Equity participation agreements were concluded with two BEE partners namely: -

- Ayavuna Women's Investments, as an anchor partner, combining with the Mphakathi Trust, which benefits the communities surrounding the Tongaat Hulett property developments, and
- Sangena Investments, as an anchor partner, combining with the Masithuthukisane Trust, which benefits the small scale cane grower communities surrounding Tongaat Hulett's four South African sugar mills.

In addition, Tongaat Hulett established the ESOP/MSOP employee ownership schemes for the benefit of all South

African senior black management and employees, effectively placing a collective interest of 7% in the hands of its employees. The overall objective of the schemes is to retain and attract high calibre black employees at every level of the business and to create a sense of ownership amongst the employees, as well as to engender an ownership culture within the greater Tongaat Hulett workforce.

The first broad based BEE (BBBEE) rating was also conducted in 2007 by the National Empowerment Rating Agency (NERA) with Tongaat Hulett being categorised as a Level Three Contributor obtaining an overall score of 75,16%. This means that entities purchasing from Tongaat Hulett may recognise 110% of the value of their Tongaat Hulett purchases on the procurement elements of their scorecards. The scores for the individual elements of the scorecard are below.

Now that the first BBBEE rating has been completed, there is

much greater clarity on the data required, reporting formats and areas of focus. Going forward, reporting systems and targets will be reviewed to ensure maximum alignment with the respective elements of the DTI Codes of Good Practice.

	TH Score	Weighting
Ownership	21, 63	20,00
Management control	6,99	10,00
Employment equity	9,16	15,00
Skills development	6,34	15,00
Procurement	12,32	20,00
Enterprise development	13,73	15,00
Socio-economic development	5,00	5,00
Total	**75,16**	**100,00**

One of the major opportunities flowing from the introduction of BEE equity partners stems from the use of service agreements established by the transaction to help its competitive position, particularly in the areas of cane procurement, land restitution as well as approvals for land use change and local government funding support.

Employment Equity

Tongaat Hulett values the dimensions that a diverse human resource base brings to its operations. From time to time employees are moved between countries. Employees in the Zimbabwe and Swaziland operations consist almost exclusively of local citizens, with a few exceptions. Mozambique continues to experience a skills shortage as a result of which more foreign nationals are employed in that country than might be expected. Plans are underway to employ and train local citizens to gradually replace foreign nationals in Mozambique. Innovative strategies are being used to retain people with key skills at the Zimbabwe operations where challenging circumstances prevail.

In South Africa, where there is a particular need to address the imbalances of the past, a strong employment equity culture has been fostered over many years, and actions are continuing to improve the representation of designated groups, with particular emphasis on Africans, women and persons with disabilities. Currently, 50,2% of management, and 77,5% of skilled and supervisory positions are filled by black employees. Of the 450 graduates, 58 % are black employees, with women constituting 32,9%.

Employment equity targets have been set for 2008, 2009 and 2010 and action plans will be implemented to ensure that the targets are met. These plans include targeted recruitment and placement coupled with talent and performance management, training and development, coaching and mentoring, managing cultural diversity and the elimination of racial pockets where these exist. Increasing the representation of black females, remains a challenge and concerted efforts will continue to improve performance in this area. It is anticipated that the MSOP and ESOP schemes will make a substantial contribution to the attraction and retention of key black employees in South Africa. Increased focus is being placed on the representation of persons with disabilities.

In accordance with the Employment Equity Act No. 55 of 1998, employment equity reports are submitted to the Department of Labour on an annual basis. In 2007 a consolidated report for Tongaat Hulett was submitted. In terms of section 22 of the Act, the company is required to publish a summary of its employment equity report in the Annual Report in the format of the next table. The table, which reflects the employee profile of the company's South African operations, as at 31 May 2007, formed part of the Tongaat Hulett report submitted to the Department of Labour in 2007.

As at 31 December 2007, the proportion of black females at top management was 16,0 percent compared to 0 percent in 2006 and black females in management increased from 11,7 percent to 14,7 percent. There were 40 employees with disabilities, which constituted 0,7 percent of the employee complement.

Labour Relations

The company has always maintained a constructive relationship with unions, and a general climate of industrial peace has prevailed over the past few years. There are recognition agreements with 13 different unions and approximately 65 percent of permanent employees are members of unions. Senior management are involved in union negotiations with senior human resources staff playing a key role in this regard.

Employment Profile as at 31 May 2007 submitted to Department of Labour

	Designated								Non-designated			TOTAL
Occupational Levels	Male			Female				*Total	White Male	Foreign Nationals		
	A	C	I	A	C	I	W	A, C, I	W	Male	Female	
Top management	3	0	0	0	0	0	0	3	12	0	0	15
Senior management	18	4	15	4	2	5	3	48	68	3	0	122
Professionally qualified and experienced specialists and mid-management	52	6	46	21	3	19	27	147	83	3	3	263
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	309	59	245	98	17	51	76	779	160	2	2	1 019
Semi-skilled and discretionary decision making	943	16	210	111	3	25	13	1 308	6	0	1	1 328
Unskilled and defined decision making	1 339	0	30	627	0	7	0	2 003	1	0	0	2 004
TOTAL PERMANENT	**2 664**	**85**	**546**	**861**	**25**	**107**	**119**	**4 288**	**330**	**8**	**6**	**4 751**
Non-permanent employees	142	3	2	40	1	2	3	190	3	0	0	196
GRAND TOTAL	**2 806**	**88**	**548**	**901**	**26**	**109**	**122**	**4 478**	**333**	**8**	**6**	**4 947**

Note: A= African C = Coloured I= Indian W= White

** The column headed Total A, C, I has been added for clarity*

The overall proportion of blacks in management as at 31 December 2007 was 50,2 percent of permanent staff at this level, compared to 48,0 percent in the previous year (adjusted to exclude Hulamin). The following table reflects a year on year comparison of black employee representation in proportion to permanent staff at various levels as at 31 December 2007.

	2006	**2007**
Top management	25%	36%
Senior management	40%	42%
Middle management	53%	55%
Skilled and supervisory	76%	77%

Disciplinary codes and procedures have been implemented after negotiations with unions concerned. Four minor work stoppages of short duration involving a small number of employees with minimal cost impact occurred during the year.

Preferential Procurement

The objective of Preferential Procurement under the newly released DTI's Codes of Good Practice includes the promotion of BEE compliance by all entities, targets for procurement from Exempted Micro Enterprises (EMEs) and Qualified Small Enterprises (QSEs), black-owned and black women owned enterprises. Furthermore, with enhanced recognition for Procurement from value adding suppliers and enterprise development beneficiaries the procurement of locally produced goods and services would assist in income streams to new entities ensuring sustainability.

In respect of the Procurement Scorecard for Tongaat Hulett recently released, based on the 2006 expenditure, out of a total available spend which is defined as total procurement spend less spend on parastatals and importation of goods not locally produced of R 3,938 billion, BEE procurement spend from all suppliers based on the BEE procurement recognition levels as a percentage of total measured spend was R 1,375 billion (34,9%).

Spend with companies which are more than 50% black owned totalled R 185 million whilst spend with QSEs or EMEs totalled R 0,867 million.

Enterprise Development

Tongaat Hulett has a track record of building major businesses. Enterprise development has occurred, for example, through the sale of businesses to new black shareholders. Major successful BEE transactions concluded by the company included the sale of Supervision Food Services and Corobrik Klerksdorp Brick Factory.

The Starch operation is involved in the development of commercial black farmers in partnership with the Buhle Farmers Academy. A fully equipped maize farm with accommodation was established on the site of the Kliprivier plant during 2007. 11 black student farmers, including 3 women, who had already completed the crop growing course at the Academy were given the opportunity to move to the farm and grow maize in a real life situation for a period of one year. A new intake of students will be hosted each year with the intention of improving their eventual success as commercial farmers. The Starch operation intends to procure the maize crop from the students at commercial rates for use in their manufacturing process. A mentorship programme for small black owned businesses with previously disadvantaged maize transporters are being trained to acquire relevant skills in running small enterprises. Three of the six participating businesses have been successful in winning contracts via tender processes and in increasing the size of their fleet of trucks during the year. Of the three remaining businesses, two have folded due to longstanding financial issues and one continues to maintain its business by providing transport at the Kliprivier Silo Bags site. The participants have acknowledged the value of the programme and have reached a stage where they require less involvement from the mentors. The operation continues to donate Gluten 20 and Maltose Dextrin to the Cluny Home for mentally disabled residents. The product is used in a feeding programme to improve the output of the dairy herd at the facility. The profits from the sale of dairy produce assists in supporting the costs of the facility.

The Property Development operation has partnered with the eThekwini/Durban Municipality in public private partnerships such as the approval of Umhlanga Ridgeside project, which is expected to unlock significant opportunities through the development of 140 hectares, the Ushaka Marine World and the Durban Point Waterfront development. These joint initiatives continue, with the expansion of RiverHorse Valley Business Estate and the Bridge City commercial development.

Tongaat Hulett has sold some 11 871 hectares to 98 BEE medium scale farmers since the commencement of its programme in 1995 to transfer sugar cane farming skills and farms to previously disadvantaged emergent farmers. This land redistribution programme forms a major component of the company's Black Economic Empowerment Programme and is supported by the Department of Agriculture, the Department of Land Affairs and the Sugar Industry. The sale of farms to medium scale farmers equates to about 50 percent of the company's land holdings in South Africa, compared to the government's target of 30 percent for transfer to black farmers by 2015.

In addition to the mentoring and support services provided to emergent farmers, Tongaat Hulett Sugar plays a leading role in the land reform initiative (Inkezo) of the South African Sugar Industry. In the Zimbabwe and Mozambique operations various cane procurement initiatives from small and medium scale growers are undertaken.

CORPORATE SOCIAL INVESTMENT

Tongaat Hulett has a well-entrenched Corporate Social Investment (CSI) policy with guiding principles on key focus areas for social resposibility activities. The company continues to promote sustainable development through constructive CSI initiatives, which are aimed at building and enhancing the quality of life of people, with emphasis on previously disadvantaged communities within which Tongaat Hulett operates.

CSI spend is mainly directed at education, health, community skills upliftment, charitable organizations, environmental needs and crime prevention. The primary focus of CSI spend in 2007 was education with a total spend of R3,95 million in this category. Key education projects included an amount of

R1,7 million used to donate lap desks to schools mainly in the rural areas and R370 000 allocated for the development of a science laboratory and media centre in South Africa. Hippo Valley Estates in Zimbabwe spent R500 000 towards the running costs of nine primary schools and one secondary school as part of its CSI initiatives. The operation believes that schools can provide a healthy environment for students and staff, while promoting ecological sustainability by changing their resource consumption patterns and teaching students to be stewards of their communities and its resources.

Other notable contributions in 2007 included a contribution of R500 000 to Business Against Crime and a further R201 000 to the National Business Initiative. Community Development programmes received R1,28 million in sponsorship, while R2,18 million was spent on Health, Welfare and Community Training programmes. All operations have Occupational Health Clinics that provide occupational and primary health care services at company expense and during 2007 the company spent R4,9 million on these facilities.

In addition to the donation of funds to worthy projects, expertise is made available by company management to guide community project leaders. Where appropriate, CSI initiatives will be linked with business objectives through a corporate social partnership approach, to ensure that the company's involvement is in line with community priorities, for example in the case of partnership activities at the property developments operation.

The total CSI spend for the year ended 31 December 2007 including the cost of company sponsored occupational and primary health care services was R15,7 million which was above the company's commitment to allocate at least one percent of headline earnings to CSI on a companywide basis annually.

VALUE ADDED ANALYSIS

for the year ended 31 December 2007

	Rmillion	
	2007	2006 Restated
REVENUE	**6 395**	5 110
Bought-in materials and services	**(4 670)**	(3 553)
VALUE ADDED BY OPERATIONS	**1 725**	1 557
Dividends and other income	**337**	320
Exceptional items	**48**	26
TOTAL VALUE ADDED	**2 110**	**1 903**
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	**929**	786
TO PAY PROVIDERS OF CAPITAL	**1 194**	544
Interest on borrowings	**193**	38
Distributions to shareholders	**1 001**	506
TAX	**288**	238
(UTILISED/RE-INVESTED IN BUSINESS	**(301)**	335
Depreciation	**222**	186
Retained earnings after distribution to shareholders	**(523)**	149
	2 110	1 903

The results of Hulamin for 2007, the fair value adjustment of the investment in Hulamin and the BEE IFRS 2 charge and transaction costs have been excluded from this schedule. The 2006 comparative figures have been restated to exclude the results of Hulamin.

STAKEHOLDER ENGAGEMENT

In conducting its business Tongaat Hulett continually strives to ensure accountability to and recognition of its diverse stakeholder base through structured and constructive engagement. Stakeholder processes in 2007 identified and included the following key stakeholders and engagements:

- Shareholders, investors, analysts and media – well entrenched investor relations activities exist within the company which focus on continuously communicating with all stakeholders and ensuring that corporate disclosure requirements are adhered to. Communication takes place through meetings with management, telephonic conversations, internet and e-mail. In addition, annual and interim results presentations are held in Johannesburg, Cape Town and Durban in order to explain the company's performance and prospects. Engagement with the media takes place on a formal as well as informal basis with media briefings, press releases and SENS announcements on the website. Shareholders are encouraged to attend the Annual General Meeting.

- Customers and suppliers – each operating area has a marketing unit which meets with customers on an ongoing basis to determine specific customer needs, preferences, usage and to evaluate perceptions regarding Tongaat Hulett's newly launched or existing products and services. Collective meetings with partners, suppliers and customers are held on an ongoing basis.

- Government authorities and regulators – company specific interaction takes place on a continuous basis on issues relating to regulatory compliance and to further optimise opportunities. During 2007, the property development operation engaged extensively with the eThekwini municipality on key matters including development approvals. The sugar and starch operations engaged with the Department of Agriculture on agri-processing and land issues. Ongoing interaction with the Department of Trade and Industry takes place regarding labour specific matters, interpretation of the new BEE scorecards and transformation issues.

- Employees – employees are kept abreast of local and corporate business developments via internal newsletters, company intranet, briefings and internal memos. The bi-annual results presentations are made available to staff by invitation and also through the company intranet.

- Unions – managers in all operations interact with unions on relevant employment issues with collective bargaining taking place where appropriate. The sugar and starch operations are the most labour intensive businesses and structures are in place to engage with the various unions.

- Local communities – the company engages closely with local communities to have a broader understanding of community concerns and priorities. Community related programmes include enterprise development and training, employment, learnerships, environment protection, cultural heritage and support for recreation.

FEEDBACK

Please share your views on this sustainability report with us by sending an email to *info@tongaat.co.za*

Tongaat Hulett is committed to, and endorses the application of the principles recommended in the Code of Corporate Practices and Conduct embodied in the King II Report. The company views the implementation of good corporate governance practices as integral to its business and recognises the need to conduct business with openness, integrity and accountability, and to provide timeous, relevant and meaningful reporting to all stakeholders. The board of directors believes that it has complied, in all material respects, with the provisions of the King II Code and the related Listings Requirements of the JSE Limited (JSE), during the period under review.

Following the listing and unbundling of Hulamin and the introduction of BEE equity participation in Tongaat Hulett and Hulamin, the composition and structure of the Board and existing sub-committees were reconstituted to represent the new Tongaat Hulett going forward. The detail of structures that existed prior to the listing and unbundling of Hulamin is contained in the 2006 Annual Report and applied to the first part of 2007. This report, as at the end of 2007, reflects the composition and responsibilities of the board and sub-committees after the unbundling of Hulamin and the BEE equity transactions.

The terms of reference of the board and committees, roles and responsibilities of the directors, as well as the company's code of ethics for directors and employees, are detailed in a Corporate Governance Manual. This, together with established policies on matters such as safety, health and environment, social investment, black economic empowerment and employment equity, provide a sound framework for sustainable corporate governance within Tongaat Hulett.

BOARD OF DIRECTORS

The board has adopted a Charter, which forms part of the Corporate Governance Manual and records the board's continued objective to provide responsible business leadership with due regard to the interest of shareholders and other stakeholders, including present and future customers, suppliers, employees, as well as the community and the environment within which the company operates. The Board Charter regulates and deals, inter alia, with the fiduciary duties and responsibilities of individual directors towards the company, the approval of strategy and policies, risk management and control, orientation of new directors and conflict of interest.

Tongaat Hulett has a unitary board structure comprising of ten non-executive and three executive directors, drawn from a broad spectrum of the business community. The directors represent a wide range of skills, knowledge and experience, and bring independent judgement to the board deliberations and decisions. The majority of the non-executive directors are independent, with no one individual having unfettered powers of decision-making.

The roles of Mr C M L Savage as an independent non-executive Chairman and Mr P H Staude as the Chief Executive Officer are separate with a clear division of responsibilities. In accordance with the company's articles of association, directors are subject to retirement by rotation at intervals of three years. Retiring directors may be re-elected at the annual general meeting at which they retire. New directors may only hold office until the next annual general meeting, at which they will be required to retire and offer themselves for re-election. On appointment, new directors have the benefit of induction activities aimed at broadening their understanding of the company and markets in which the company operates. There are no term contracts of service between any of the directors and the company or any of its operating areas.

In assisting the board to discharge its duties, board committees have been established which provide, through transparency, disclosure and review, the assurance that operational performance and risk management are monitored. In this regard there is also a record of matters specifically reserved for the board's decision. A formal self-evaluation of the board, committees and the Chairman, aimed at improving the board's effectiveness, is carried out annually and the findings are addressed.

The board of directors is responsible to shareholders for the performance and the affairs of the company, retaining effective control over the company and giving strategic direction to management. In addition to written board resolutions, levels of authority and materiality delegated to management are approved by the board and are clearly recorded in the Authorities Framework contained in the Corporate Governance Manual, which is utilised by all operations within Tongaat Hulett.

The board normally meets at least six times a year, with special/additional meetings convened as circumstances dictate. Comprehensive board documentation is prepared and distributed in advance of each meeting, with an opportunity to propose additional matters for discussion at meetings. All directors have access to appropriate information and to the advice and services of the Company Secretary. Independent professional advice is available to directors in appropriate circumstances at the company's expense.

BOARD COMMITTEE STRUCTURES AND RESPONSIBILITY

In accordance with the Board Charter, the board has approved and delegated authority for specific matters to various committees, all of which have formal terms of reference. Through regular reporting by the committees, the board is able to monitor, inter alia, key risk areas and non-financial aspects relevant to the company's various businesses. The formal terms of reference and the delegated authority regarding each committee are set out in the Corporate Governance Manual.

Attendance of directors at board and committee meetings during the year ended 31 December 2007

Director	Board		Audit & Compliance Committee		Remuneration Committee	
	A	B	A	B	A	B
D D Barber[3]	4	1				
P M Baum	7	4			4	4
I Botha[6]	6	4	2	1		
L Boyd[1]	3	3			2	2
E le R Bradley	7	5	3	2	4	3
B E Davison[3]	4	1				
B G Dunlop	7	7				
A Fourie[3]	4	4				
G R Hibbert[3]	4	3				
J John[5]	3	3	2	2		
M W King[2]	3	3	1	1		
G P N Kruger[3]	4	4				
J B Magwaza	7	5				
M Mia	7	7	3	3	2	2
M H Munro	7	7				
T H Nyasulu	7	6				
S J Saunders[3]	4	4				
C M L Savage	7	7			4	4
M Serfontein[3]	4	4				
C B Sibisi[4]	3	3				
P H Staude	7	7				
R H J Stevens	7	6				
A M Thompson[3]	4	2				
J G Williams[7]	1	1				

A: Indicates the number of meetings held during the year while the director was a member of the board and/or committee

B: Indicates the number of meetings attended during the year while the director was a member of the board and/or committee.

1. Retired from the Board and Remuneration Committee with effect from 25 April 2007 (AGM)
2. Retired from the Board and Audit & Compliance Committee with effect from 25 April 2007 (AGM)
3. Resigned from the Board pursuant to the corporate restructuring, Hulamin unbundling, BEE equity transactions and the change in the composition of the Board of Directors with effect from 29 June 2007
4. Appointed to the Board with effect from 29 June 2007
5. Appointed to the Board and Audit & Compliance Committee with effect from 29 June 2007
6. Resigned from the Board and Audit & Compliance Committee with effect from 9 October 2007
7. Appointed to the Board with effect from 10 October 2007

Audit and Compliance Committee

The Audit and Compliance Committee comprises non-executive directors, all of whom are independent. The members possess the necessary expertise to direct the committee constructively in the execution of its responsibilities. The current members are E le R Bradley (Chairman), J John and M Mia. The Chief Executive Officer, P H Staude; the Chief Financial Officer, M H Munro; the Internal Audit manager, M M Jean-Louis and representatives of the internal and external auditors attend by invitation. The Company Secretary, M M L Mokoka, is the secretary for this committee. The committee normally meets three times a year.

The Audit and Compliance Committee's terms of reference, which have been approved by the board, include financial reporting and operational matters such as the monitoring of controls, loss prevention, litigation, reputational issues, and JSE, statutory and regulatory compliance matters. In addition, the committee is responsible for ensuring that there is an effective risk management process and receives regular confirmation of the various ongoing risk management activities. Each major operational area has its own audit and compliance committee, which subscribes to the Tongaat Hulett audit philosophies and reports to the Tongaat Hulett Audit and Compliance Committee.

The committee provides a forum through which the external and internal auditors report to the board. It is responsible for the consideration, appointment and review of external and internal auditors, the maintenance of a professional relationship with them, reviewing accounting principles, policies and practices adopted in the preparation of public financial information and examining documentation relating to the interim and annual financial statements. In addition, it reviews procedures and policies of internal control, including internal financial control and internal audit reports. The adequacy and capability of Tongaat Hulett's external and internal audit functions are also subject to continuous review.

Management is focused on continuous improvements to systems of internal control. During 2007 a quality assurance review of the internal audit function was performed by way of a self-assessment and the services of an external independent service provider were engaged to validate the assessment. The external validation concluded that the Tongaat Hulett internal audit function “generally conforms” to the standards recommended by the Institute of Internal Auditors, which is a high rating in terms of the standards of the Institute of Internal Auditors.

The external and internal auditors have unrestricted access to members of the Audit and Compliance Committee and its Chairman at all times, ensuring that their independence is in no way impaired. Both the internal and external auditors have the opportunity, at each of the meetings, of addressing the committee and its Chairman without management being present.

The Audit and Compliance Committee determines the purpose, authority and responsibility of the internal audit function in an Internal Audit Charter, which has been approved by the committee and the board. The charter sets out the terms of reference of Tongaat Hulett's internal audit function, its reporting line to the Chairman of the committee and the fact that the internal auditors have unrestricted company wide access to all functions, records, property and personnel. The Committee reviews the scope and coverage of the internal audit function, and has approved its coverage and work plan for 2008. While the internal audit function has been outsourced to professional firms of registered accountants and auditors, co-ordinated by the internal audit manager, the company's independent external auditors do not assist in the performance of any internal audit assignments.

Details of all non-audit services provided by the independent external auditors, are monitored by the committee, to ensure compliance with the company's policy.

The committee's attention to regulatory compliance is ongoing in line with the amendments to the regulatory environment. The framework of high priority laws and regulations applicable to Tongaat Hulett's operations has continued to be refined during the year with the aim of strengthening the culture of legal awareness and compliance. Management continuously assesses and reviews statutory and regulatory requirements and risks, and identifies appropriate processes and interventions to enhance compliance with applicable legislation. Nothing material has come to management's attention during 2007 that indicates non-compliance with applicable legislation and codes of good practice.

Remuneration Committee

The Remuneration Committee, which meets at least three times a year, is chaired by an independent non-executive director and comprises only non-executive directors. The current members are M Mia (Chairman), E le R Bradley, P M Baum and C M L Savage. P H Staude attends by invitation and M Serfontein is the secretary.

The reward philosophy, which has been approved by the board, is formulated to attract, motivate and retain directors, executives and employees needed to manage and run the company successfully. The Remuneration Committee is responsible for considering and making recommendations to the board on the policy and on the quantum, structure and composition of remuneration packages of executive directors and senior executives. In addition, it reviews general salary increases for management and the operation of the company's incentive schemes. Rewards are linked to both individual performance and the performance of the company. Independent external studies and comparisons are used to ensure that compensation is market related.

Nomination Committee

The Nomination Committee, which comprises only non-executive directors the majority of whom are independent, is chaired by an independent non-executive director and meets as required. Its members are M Mia (Chairman), E le R Bradley, P M Baum and C M L Savage. P H Staude attends by invitation and M Serfontein is the secretary.

This committee's terms of reference ensure that, for board appointments, a rigorous, fair and open nomination and appointment process is established which will provide a balance of appropriate skills, knowledge and experience in the boardroom and support strong corporate performance. The committee makes recommendations to the board, ensuring that there is a diversity of experience and backgrounds to create a cohesive and effective board.

Steering Committee for the unbundling of Hulamin

In 2006, as detailed in that year's annual report, the board appointed a Steering Committee with a mandate to timeously and responsibly oversee the implementation of the corporate transactions related, inter alia, to the Hulamin unbundling, BEE equity participation in Tongaat Hulett and Hulamin and the share buy-back. The committee was dissolved in 2007 following the completion of the transactions.

EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee consists of senior Tongaat Hulett executives and deliberates on matters of strategy, business planning and the effective operation of the business, to provide leadership on key issues.

The current members are P H Staude (Chairman), T Chetty, R D S Cumbi, M E Deighton, N P Dingaan, B G Dunlop, B R Gumede, M M Jean-Louis, G P N Kruger, V C Macu, M N Mohale, M M L Mokoka, S D Mtsambina, M H Munro, S J Saunders and M Serfontein. The Company Secretary, M M L Mokoka, is the secretary of this committee.

Risk Committee

While the board is ultimately accountable for risk management, it is recognised as being dynamic, evolving and integrated into the core of running the business. The underlying and established risk management processes and review disciplines that were developed and implemented over a long time as The Tongaat-Hulett Group continue to be in place and, as Tongaat Hulett going forward after the Hulamin unbundling, there is now also an ongoing process underway of making modifications where appropriate and providing additional emphasis on the relevant areas for the business. This seeks to address risk and opportunity areas for the business and incorporates the nature of Tongaat Hulett as it moves forward.

The approach to risk management in Tongaat Hulett includes being able to identify and describe or analyse risks at all levels throughout the organisation, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored at a Tongaat Hulett risk committee level. Risks and mitigating actions are given relevant visibility at various appropriate forums throughout the organisation.

The Tongaat Hulett risk management committee composition is as follows: M H Munro (Chairman), P H Staude, M E Deighton, B G Dunlop, S L Slabbert, S J Saunders, G P N Kruger, G Macpherson, M M L Mokoka and M M Jean-Louis.

Where potential risks have been identified as having the possibility of constituting a disaster, appropriate plans and resources have been identified in order to ensure the implementation of recovery procedures.

Company wide systems of internal control exist in all key operations to manage significant risks. This system supports the board in discharging its responsibility of ensuring that the risks associated with the operations are effectively managed. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of board assurance and regular reports are presented to the board.

The company's internal audit function provides independent assurance to the Risk Committee and the board on the effectiveness of the appropriate internal control processes throughout the company. The board also receives assurance from the Audit and Compliance Committee, which derives its information in part from regular external and internal audit reports throughout the company on risk and internal control.

Safety, Health and Environment Committee

The overall objective of the Safety, Health and Environment (SHE) Committee is to assist in the implementation of the company's SHE policy and principles and to provide overall guidance on SHE matters. The SHE Committee normally meets at least twice a year. Its members are P H Staude (Chairman), R D S Cumbi, M E Deighton, B G Dunlop, G P N Kruger, M N Mohale, S D Mtsambina and W G Streek.

The Tongaat Hulett SHE Committee reviews the major SHE risks identified by the SHE committees at Tongaat Hulett's operations and the progress against SHE targets, thus providing a facility for the development of an overall perspective on SHE matters and for the sharing of information and experiences across the company. It is also a forum for considering, and where appropriate, responding to material national and international regulatory and technical developments in the fields of SHE management.

Employment Equity Committee

The Employment Equity Committee normally meets at least twice a year. Its current members are P H Staude (Chairman), J Bhana, S Bhyat, T Chetty, M E Deighton, N P Dingaan, B G Dunlop, B R Gumede, M M Jean-Louis, G P N Kruger, M Mia, M N Mohale, M M L Mokoka and M Serfontein.

The broad composition of this committee ensures that it benefits from company wide experience and expertise in achieving its objectives. Its main objective is to set targets and review progress on all employment equity related matters and, where necessary, to make recommendations to the board on the implementation of employment equity policies. These policies are based on equal opportunity for all within a diverse workforce with a substantial number of members of designated groups at all levels. The implementation of these policies is facilitated by appropriate performance and talent management processes, recruitment targets, development and training programmes, coaching and mentoring and innovative management development practices.

These programmes, targets and practices enjoy priority as a key business objective and constitute an integral part of management's performance assessment.

ACCOUNTABILITY AND CONTROL

The directors are required by the Companies Act to maintain records and prepare financial statements, which fairly present the state of affairs of the company as at the end of the financial year and the results of its operations for that year, in conformity with International Financial Reporting Standards. The financial statements are the responsibility of the directors and it is the responsibility of the independent auditors to report thereon.

To enable the directors to meet these responsibilities, standards have been set and systems of internal control implemented to reduce the risk of error or loss in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. They are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring that the company's business practices are conducted in an appropriate manner, which is above reproach.

The company's internal audit function operates independently in all operations to appraise and evaluate the effectiveness of the operational activities and the attendant business risks. Where necessary, recommendations are made for improvements in the systems of internal control and accounting practice based on internal audit plans and reports which take cognisance of relative degrees of risk of each function or aspect of business.

Comprehensive management reporting disciplines are in place, which include the preparation of annual budgets by all operating entities. The operating boards approve individual operational budgets, while the company budget is reviewed and approved by the Tongaat Hulett board. Monthly results and the financial status of the operations are reported against budgets and forecasts and compared to the results of the prior year. Profit projections and cash flow forecasts are regularly updated, taking into account various economic scenarios, and working capital and borrowing levels are monitored on an ongoing basis.

CODE OF ETHICS

The company has adopted a Code of Ethics, which supports its commitment to a policy of fair dealing, honesty and integrity in the conduct of its business. The Code of Ethics has been actively endorsed by the board and distributed to all employees across all levels in the company. The Code is based on a fundamental belief that business should be conducted honestly, fairly and legally. Any violation of the law or unethical business dealing by any employee, including bribery and money laundering are not condoned. The Code also addresses conflict of interest situations, and encourages employees to report on any conflict or perceived conflict of interest situation. This may arise due to employees being offered and receiving gifts in return for favours, employees not being independent from business organisations having a contractual relationship or providing goods or services to Tongaat Hulett, and employees' personal investments taking priority over transactions for the company and its clients.

Compliance by all employees to the high moral, ethical and legal standards of the Code is mandatory, and if employees become aware of, or suspect, a contravention of the Code, they must promptly and confidentially report it to the Company Secretary or senior officials at management level. Tongaat Hulett has engaged the services of an independent whistleblowing service provider to provide mechanisms to report on unethical behaviour or non-compliance with the Code of Ethics. Appropriate action is taken in respect of all reported instances of non-compliance with the Code by employees.

EXECUTIVE REMUNERATION

The remuneration of senior management is determined by taking into consideration market comparisons and an assessment of performance related to the achievement of documented measurable performance targets. Strategic and business objectives, which are reviewed periodically, as well as a general assessment of performance are also taken into account.

Basic Salary

The cash package of senior management is subject to annual review by the Remuneration Committee and the board, and is set with reference to relevant external market data.

Annual Executive Bonus Scheme

The annual executive bonus scheme is based on a combination of the achievement of targets and a general assessment of the individual's overall performance. These targets include measures of corporate (and, where applicable, operational) performance as well as the achievement of individual performance objectives related to key business strategies and requirements. Overall safety performance is an important factor in bonus determination.

In June 2006, the board introduced an incentive plan whereby senior management and the chief executive officer could earn a maximum potential payment ranging from 30% to 55% of cash package for the successful implementation of the Hulamin unbundling and the introduction of BEE equity participation in both Hulamin and Tongaat Hulett. Disclosure was made in the circular to shareholders. Details of the payments made in this regard are contained in the section dealing with directors' remuneration and interests, in the notes to the financial statements

Share Incentive Schemes

The objective of the share incentive schemes is to strengthen the alignment of shareholder and management interests and assist in the attraction, retention and appropriate reward of management.

Under the Share Appreciation Right Scheme 2005 (SARS), Long Term Incentive Plan 2005 (LTIP) and Deferred Bonus Plan 2005 (DBP) schemes, senior management and employees of the company are awarded rights to receive shares in the company based on the value of these awards (after the deduction of employees' tax) when performance conditions have been met, the awards have vested and, in the case of the SARS, when the share appreciation rights have been exercised.

The primary intent is to settle the awards by acquiring shares in the market and delivering them to the employee. Consequently no dilution of equity is intended. The accounting charges to the income statement required by IFRS 2 Share-based Payment are accounted for as equity-settled instruments. The costs associated with the settlement of awards under the 2005 share schemes qualify for a tax deduction by the company.

Details of the schemes and awards made in 2005, 2006 and 2007, after approval by the Remuneration Committee and the board, are detailed in the notes to the annual financial statements. The share incentive scheme in operation prior to 2005 was discontinued in 2005, with the previous awards continuing to run their course and no new awards being made.

Performance conditions governing the vesting of the scheme instruments are related to growth in earnings per share, share price, total shareholder return and return on capital employed, relative to targets that are intended to be challenging but achievable. Targets are linked, where applicable, to the company's medium term business plan, over three year performance periods, with actual grants being set each year considering the job level of the participating employee, their individual performance, and appropriate benchmarks of the expected combined value of the awards.

As a result of the unbundling of Hulamin and as detailed in the circular to shareholders SARS and LTIP grants of 2005 and 2006 partially vested, based on the attainment of the performance conditions and with reference to the proportion of the performance period that had been served. The DBP awards of 2005 and 2006 vested upon the unbundling. Tongaat Hulett is obliged to settle all benefits under these share schemes and the original share options for its own employees using Tongaat Hulett shares. It will settle the outstanding share scheme benefits that arise after the unbundling for its own employees, by purchasing Tongaat Hulett shares in the market, or issuing Tongaat Hulett shares. The benefits related to the Hulamin component will be determined with reference to the Hulamin share price, and the Tongaat Hulett component with reference to the Tongaat Hulett share price. The benefits arising from the Hulamin component will be settled using Tongaat Hulett shares. Participants in the original, pre-2005 share option schemes, who had not exercised their options at the unbundling date converted their existing Tongaat-Hulett Group Limited options into two components, a Tongaat Hulett Limited component and a Hulamin Limited component. Tongaat Hulett will settle the benefits of both components for its employees with Tongaat Hulett shares.

Other Benefits

Membership of the Tongaat-Hulett Pension Fund is compulsory for all senior management, and pension and life insurance benefits are provided. Other benefits constitute the provision of medical aid, gratuity at retirement and death and disability insurance.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for their services on the company board and board committees. Directors' fees are recommended by the Remuneration Committee and submitted to both the board and the shareholders for approval at each Annual General Meeting.

THIRD-PARTY MANAGEMENT

No part of the business was managed during the year by any third party in which any director had an interest.

RELATED PARTY TRANSACTIONS

The company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in Tongaat Hulett Limited's annual financial statements fairly represents their shareholding in the company, both beneficial and indirect, interest in share options of the company and the compensation earned from the company for the financial year. In addition, the directors and key management have confirmed that all interests have been declared.

INSIDER TRADING

No director, officer or employee may deal either directly or indirectly in the company's shares on the basis of unpublished price-sensitive information regarding its business or affairs. In addition, no director, officer or employee may trade in the company's shares during closed periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods and while the company is under a cautionary announcement.

GOING CONCERN ASSERTION

The directors confirm that they are satisfied that the company has adequate resources to continue in business for the foreseeable future. Financial gearing, cash flows and access to equity and loan capital are considered to be sufficient to fund any chosen opportunities to expand or restructure the business cost effectively.

The directors also believe that the depth of human and other intellectual capital is adequate to protect and drive the future value creation of the business. In addition to its tangible assets, the brands and reputation of the organisation remain intact, while the product mix is seen as competitive in the markets and regions in which the company continues to operate or has determined to enter. The company has implemented an effective risk management process that is designed to maximise strategic opportunity within tolerable levels of residual business, process and dependency risks.

The assumptions upon which this assessment is made are recorded at the time of approval of the annual financial statements by the board. For this reason, it continues to adopt the going concern basis for preparing the financial statements.

DIRECTORATE

CHAIRMAN

C M L Savage

Independent Non-Executive Chairman and Director of Companies
BSc (Mech Eng), MBA, ISMP (Harvard)

Cedric (69) joined Tongaat Hulett in 1977 as Managing Director of Tongaat Foods becoming Executive Chairman of Toncoro Limited in 1985. He was appointed to the Tongaat Hulett Board in 1981, serving as Chief Executive from 1991 to 2002. He was appointed Executive Chairman in 2000, combining the roles of CEO and Chairman until his retirement from executive duties in 2002. He is also a Director of Nedbank Group, Harmony Gold, Village Main Reef, Datatec and Denel.

INDEPENDENT NON-EXECUTIVE DIRECTORS

E le R Bradley

Chairman, Wesco Investments and Chairman, Toyota South Africa and Director of Companies
BSc (UOFS), MSc (London)

Elisabeth (69) has spent her whole working life with these family motor industry companies. Other Non-Executive Directorships include Sasol, Anglogold and The Standard Bank Group. She was appointed to the Tongaat Hulett Board in 1987.

J John

Head, Group Internal Audit, Discovery Holdings Limited
Hons BCompt, CTA, CA (SA), Senior Executive Program, Diploma in Company Direction

Jenitha (36) was the Head of Internal Audit at Telkom SA Limited and has held various financial and audit related roles at, inter alia, Eskom, Toyota SA and RMBT Property Services (Marriott Group) prior to joining Discovery Holdings. She is currently a member of the City of Johannesburg Group Audit Committee and Chairman of SA Maritime Safety Authority Audit Committee. Jenitha also served as a non-executive director on the Board of Regional Electricity Distribution One (RED1)(Pty) Ltd and as a member on the Department of Defence Audit Committee. She was appointed to the Tongaat Hulett Board in 2007.

J B Magwaza

Director of Companies
BA (Psychology & Soc Anthropology) MA (Ind Rel), Dip. (IR), Dip. (PM)

JB (65) joined Tongaat Hulett in 1975, becoming Personnel Director for Hulett Refineries in 1988. He was appointed Personnel Director for Hulett Aluminium in 1992 and became an Executive Director on the Tongaat Hulett Board in 1994. He retired in 2003 but remains on the Board in a non-executive capacity.

M Mia

Deputy Chairman, Fasic Investment Corporation and Director of Companies

Mac (60) is founder member of Fasic Investment Corporation, which has interests in The Lion Match Company. Formerly the Managing Director of New Republic Bank, he currently runs his own financial consultancy business. He is Chairman of Zenith Investments, a BEE private equity fund. He was appointed to the Tongaat Hulett Board in 1996.

R H J Stevens

Executive Chairman, Three Cities Group and Director of Companies
BA (Marketing & Design Studies)

Russell (67) is the founder and Executive Chairman of the Three Cities Group, Chairman of Durban Adventures Limited, Chairman of uShaka Management Company and Director of the Compass Group, thus maintaining his interest in the service related sector. He is past Chairman of Tongaat Foods, a one time operating division of the Tongaat-Hulett Group. He was appointed to the Tongaat Hulett Board in 1977.

NON-EXECUTIVE DIRECTORS

P M Baum

Chief Executive Officer of Anglo American's Ferrous Metals and Industries division, and Acting CEO of Anglo American South Africa (AASA)
Member of Anglo American plc's Executive Committee
BCom LLB, Higher Diploma Tax Law

Philip (53) has worked in a wide variety of positions in the Anglo American Group, including head of the Small and Medium Enterprise Initiative, Chief Executive of Anglo American Zimbabwe and Chief Operating Officer of AASA. His Directorships include Anglo Platinum, Kumba Iron Ore, Exxaro, Minas Rio, Tongaat Hulett, Hulamin and Samancor Manganese. He was appointed to the Tongaat Hulett Board in 2003.

T H Nyasulu

Executive Chairman, Ayavuna Women's Investments (Pty) Limited and Director of Companies
BA (Psychology) (Hons)

Hixonia (53) is the founder and Executive Chairman of Ayavuna Women's Investments. Prior to founding Ayavuna in 2004, she owned a Strategy and Marketing consultancy for 20 years, which she started after working for Unilever for six years. Her directorships include Sasol Ltd, Glenrand MIB Ltd and Barloworld Ltd. She was appointed to the Tongaat Hulett Board in 2000.

C B Sibisi

Chief Executive, Sangena Investments (Pty) Limited
MA (Econ Dev)

Bahle (44) is the founder and Chief Executive of Sangena and former Deputy Director General of the Department of Trade and Industry. He is currently the Chairman of SABS and Roadcrete Africa (Pty) Ltd. He was appointed to the Tongaat Hulett Board in 2007.

J G Williams

General Manager: Corporate Finance, Anglo American
MA, MEng, MBA, CDipAF, CEng, MIMechE

John (43) joined Anglo American in 2001 as Vice President in the Johannesburg offices of Anglo American's Corporate Finance Department, and has been a General Manager in the same department since 2002. He is a director of Hulamin and a number of Anglo American group holding companies, and was previously a director of Anglo Platinum. Prior to joining Anglo American John was a senior consultant with McKinsey and Co and worked in both London and Johannesburg. He was appointed to the Tongaat Hulett Board in 2007.

EXECUTIVE DIRECTORS

P H Staude

Chief Executive Officer
BSc (Ind Eng) (Hons) (Cum Laude), MBA (Pretoria)

Peter (54) lectured at the University of Pretoria before joining Tongaat Hulett in 1978. In 1990 he became Managing Director of Hulett Aluminium Rolled Products and in 1996 Managing Director of Hulett Aluminium. He was appointed to the Tongaat Hulett Board in 1997 and became Chief Executive in May 2002. He was the Chairman of Hulett Aluminium from 2002 to July 2007. He is also the Deputy Chairman of Trade & Investment KZN.

B G Dunlop

Executive Director responsible for sugar operations outside South Africa, international sugar marketing, sugar technology and engineering, renewable energy and animal feeds.
BCom (Hons), PMD (Harvard)

Bruce (54) joined Tongaat Hulett in 1980, becoming Financial Director of Tongaat Oil Products in 1983 and Managing Director of the Maize, Animal Feeds and Poultry Division of Tongaat Foods in 1988. He was appointed Managing Director of Hulett Refineries in 1993 and Managing Director of Tongaat Hulett Sugar in 1995. He was appointed to the Tongaat Hulett Board in 1997.

M H Munro

Chief Financial Officer
BCom, CA (SA)

Murray (42) joined Tongaat Hulett in 1992. He has held a number of senior financial, commercial, market and general management positions in various operations. In the period 1997 to 2003 he was a Market Director and then the Finance and Business Process Development Director at Hulett Aluminium. In 2003 he assumed responsibility as the Financial Director of the Tongaat-Hulett Group. He was appointed to the Tongaat Hulett Board in October 2003.

DEFINITIONS

PROFIT FROM TONGAAT HULETT OPERATIONS
Profit from Tongaat Hulett operations comprises results of continuing operations, Triangle dividend and centrally accounted costs.

HEADLINE EARNINGS
Headline earnings are calculated in note 22, in accordance with the South African Institute of Chartered Accountants' Circular 8/2007 Headline Earnings.

HEADLINE EARNINGS PER SHARE
Headline earnings divided by the weighted average number of shares in issue.

OPERATING MARGIN
Profit from Tongaat Hulett operations expressed as a percentage of revenue.

RETURN ON CAPITAL EMPLOYED
Profit from Tongaat Hulett operations expressed as a percentage of average capital employed, excluding capital work in progress.

RETURN ON EQUITY
Headline earnings expressed as a percentage of average equity.

DEBT TO EQUITY
Long and short-term borrowings divided by equity.

NET DEBT TO EQUITY
Long and short-term borrowings less cash and cash equivalents divided by equity.

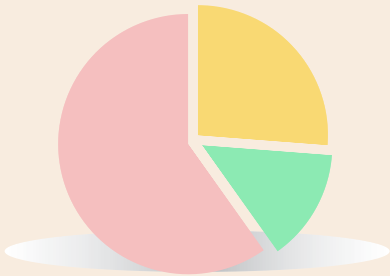
CURRENT RATIO
Current assets divided by current liabilities.

LIQUIDITY RATIO
Current assets, excluding inventories, divided by current liabilities.

NET ASSET VALUE PER SHARE
Equity divided by the number of ordinary shares at year end.

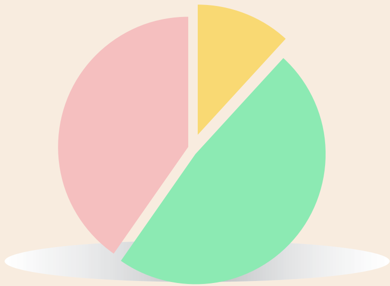
CAPITAL EMPLOYED
Equity, minority interests, deferred tax, long and short-term borrowings and provisions.

TOTAL LIABILITIES
Long and short-term borrowings, provisions, trade and other payables and derivative liabilities.



Revenue

Tongaat Hulett Starch	26,3%
Tongaat Hulett Developments	13,9%
Tongaat Hulett Sugar	59,8%



Operating Profit

Tongaat Hulett Starch	11,8%
Tongaat Hulett Developments	47,9%
Tongaat Hulett Sugar	40,3%

Capital Employed

Tongaat Hulett Starch	22,0%
Tongaat Hulett Developments	15,5%
Tongaat Hulett Sugar	62,5%

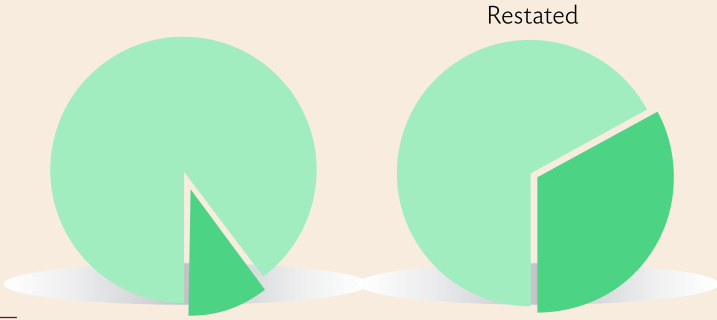
BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2007							
Tongaat Hulett Starch	1 679	105 #	1 658	317	1 340	76	91
Tongaat Hulett Developments	892	428 #	1 671	699	948	8	1
Tongaat Hulett Sugar	3 824	307 #	4 260	193	3 807	671	130
Triangle dividend		53					
Centrally accounted costs		(55)#	38	1 932	(4)		
Profit from Tongaat Hulett operations	6 395	838	7 627	3 141	6 091	755	222
Capital profit on land		48					
BEE equity and corporate structuring transactions		(383)		815			
Exchange rate translation loss		(1)					
Fair value adjustment of investment in Hulamin		3 348					
Consolidated total	6 395	3 850	7 627	3 956	6 091	755	222
2006 (Restated)							
Tongaat Hulett Starch	1 316	96 #	1 530	250	1 280	101	89
Tongaat Hulett Developments	598	325 #	1 199	368	838	2	1
Tongaat Hulett Sugar	3 196	295 #	2 733	379	2 376	262	96
Triangle dividend		61					
Centrally accounted costs		(51)#	513	1 314	506		
Profit from Tongaat Hulett operations	5 110	726	5 975	2 311	5 000	365	186
Capital profit on land		26					
Exchange rate translation gain		57					
Continuing operations	5 110	809	5 975	2 311	5 000	365	186
Discontinued operation Hulamin unbundling	2 738	211 #	3 081	613	2 608	117	86
Consolidated total	7 848	1 020	9 056	2 924	7 608	482	272

Total segmental income for the year amounted to R785 million (2006 - R876 million).

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	**2007**	2006 Restated
South Africa	**5 736**	4 121
Asia and other	**263**	290
Rest of Africa	**213**	606
Europe	**140**	13
Australasia	**24**	53
North America	**19**	27
	6 395	5 110



The aggregate effect of intra-group transactions is immaterial.
Geographical location of segment assets: South Africa R5 651 million; Other countries R1 976 million (2006 - South Africa R7 771 million; Other countries R1 285 million).
Expenditure on property plant and equipment by geographical location of assets:
South Africa R341 million; Other countries R414 million (2006 - South Africa R436 million; Other countries R46 million).

FIVE YEAR REVIEW

FINANCIAL STATISTICS	2007	2006 Restated *	2006	2005	2004	2003#
TRADING RESULTS (Rmillion)						
Revenue	**6 395**	5 110	7 848	6 926	6 298	6 559
Profit from Tongaat Hulett operations	**838**	726	726	550	323	150
Profit from Hulamin operations			211	159	74	3
Other net income/(expenditure)	**3 012**	83	83	21	(39)	(73)
Operating profit	**3 850**	809	1 020	730	358	80
Net financing costs	**(119)**	88	(23)	(60)	(93)	(152)
Share of associate company's (loss)/profit		(4)	(4)	(25)	6	(45)
Profit before tax	**3 731**	893	993	645	271	(117)
Tax	**(288)**	(238)	(269)	(162)	(41)	77
Minority shareholders	**(28)**	(1)	(1)	(11)	(10)	(1)
Discontinued operation - Hulamin unbundling	**42**	69				
Net profit attributable to shareholders	**3 457**	723	723	472	220	(41)
Headline earnings attributable to shareholders	**61**	703	703	466	206	(93)
SOURCE OF CAPITAL (Rmillion)						
Shareholders' interest	**2 735**	3 293	4 957	4 613	4 347	4 193
Minority interests in subsidiaries	**223**	56	76	75	71	6
Equity	**2 958**	3 349	5 033	4 688	4 418	4 199
Deferred tax	**673**	605	1 055	936	854	866
Borrowings - long & short-term	**1 387**	500	1 223	840	1 380	1 369
Non-recourse equity-settled BEE borrowings	**812**					
Provisions	**261**	247	297	283	271	260
Capital employed	**6 091**	4 701	7 608	6 747	6 923	6 694
EMPLOYMENT OF CAPITAL (Rmillion)						
Property, plant, equipment, investments and intangibles	**3 525**	2 642	4 625	4 183	4 161	4 204
Growing crops	**353**	212	212	182	185	179
Long-term receivable	**203**	203	203	203	210	210
Inventories, receivables and derivative instruments	**3 150**	2 452	3 507	2 834	2 793	2 912
Cash and cash equivalents	**396**	162	509	526	803	808
Total assets	**7 627**	5 671	9 056	7 928	8 152	8 313
Current liabilities (excluding short-term borrowings)	**1 536**	970	1 448	1 181	1 229	1 619
	6 091	4 701	7 608	6 747	6 923	6 694
RATIOS AND STATISTICS						
EARNINGS						
Headline earnings per share - (cents)	**58,1**	666,4	666,4	452,4	202,5	(91,7)
Dividends per ordinary share - (cents)	**310,0**	550,0	550,0	400,0	170,0	120,0
Dividend cover - (times)	**0,2**	1,2	1,2	1,1	1,2	-
PROFITABILITY						
Operating margin	**13,1%**	14,2%	13,0%	10,5%	5,7%	1,2%
Return on capital employed	**17,0%**	16,3%	14,8%	11,1%	5,5%	1,2%
Return on equity	**1,9%**	21,2%	14,5%	10,2%	4,8%	(2,1%)
FINANCE						
Debt to equity	**46,9%**	14,9%	24,3%	17,9%	31,2%	32,6%
Net debt to equity	**33,5%**	10,1%	14,2%	6,7%	13,1%	13,4%
Current ratio	**1,41**	1,25	1,53	1,78	1,53	1,42
Liquidity ratio	**0,88**	0,72	0,92	1,01	0,83	0,75
SHARES						
Shares in issue - (millions) - issued	**103**	107	107	104	102	101
- weighted	**105**	105	105	103	102	101
Market capitalisation - Rmillion	**9 167**	11 938	11 938	8 467	5 525	3 399
Value of shares traded - Rmillion	**4 218**	3 512	3 512	1 899	1 325	1 821
Net asset value per share - (cents)	**2 872**	3 142	4 722	4 512	4 321	4 132
Share price - (cents) - balance sheet date	**8 900**	11 200	11 200	8 150	5 404	3 350
- high	**15 000**	11 400	11 400	8 500	5 500	4 698
- low	**8 500**	7 800	7 800	5 010	3 280	2 900
Annual volume of shares traded - (millions)	**36**	37	37	29	30	53

* Comparative figures have been restated to reflect Hulamin as a discontinued operation and the relevant ratios have been restated.
# Prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

CONTENTS

FINANCIAL HIGHLIGHTS

	2007	2006 Restated*
Revenue (Rmillion) - continuing operations	**6 395**	5 110
Profit from Tongaat Hulett continuing operations (Rmillion)	**838**	726
Net profit attributable to shareholders (Rmillion)	**3 457**	723
Headline earnings (Rmillion)	**61**	703
Earnings per share - basic (cents)	**3 292,8**	685,3
Headline earnings per share - basic (cents)	**58,1**	666,4
Annual dividend per share (cents)	**310,0**	550,0

* Following the unbundling of Hulamin, comparative figures have been restated to reflect Hulamin as a discontinued operation. For the year ended 31 December 2007, Hulamin's results were included for the six months to the end of June 2007 and for the full twelve months in 2006.

CURRENCY CONVERSION GUIDE

	Closing rate at 31 December		
	2007	2006	2005
US dollar	**6,84**	7,00	6,35
UK pound	**13,61**	13,73	10,92
Euro	**9,99**	9,22	7,48

	Average rate for year		
	2007	2006	2005
US dollar	**7,05**	6,77	6,37
UK pound	**14,11**	12,48	11,58
Euro	**9,67**	8,51	7,92

REPORT OF THE INDEPENDENT AUDITORS

to the members of Tongaat Hulett Limited

Report on the Financial Statements

We have audited the annual financial statements and the consolidated annual financial statements of Tongaat Hulett Limited which comprise the directors' report, the balance sheet as at 31 December 2007, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on page 47 and pages 51 to 98.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position and consolidated financial position of Tongaat Hulett Limited as at 31 December 2007 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Audit KZN
Registered Auditors
Per JAR Welch
Partner

21 February 2008

2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2007

The directors are responsible for the preparation and integrity of the annual financial statements of the company and other information included in this report that has been prepared in accordance with International Financial Reporting Standards.

The directors, supported by the Audit and Compliance Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent auditors on the results of their statutory audit, that the company's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that the company's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

In preparing the financial statements, the company has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company at 31 December 2007 and the results of its operations for the year then ended. The directors are also of the opinion that the company will continue as a going concern in the year ahead.

The independent external auditors concur with the above statements by the directors.

The company's independent external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears on page 50.

The annual financial statements were approved by the board of directors on 21 February 2008 and are signed on its behalf by:

C M L Savage
Chairman

P H Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

21 February 2008

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Registrar of Companies all returns that are required of a public company in terms of the Companies Act in respect of the year ended 31 December 2007 and that all such returns are true, correct and up to date.

M M L Mokoka
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

21 February 2008

The directors have pleasure in submitting the consolidated annual financial statements of the company for the year ended 31 December 2007.

NATURE OF BUSINESS

Tongaat Hulett is an agri-processing business which includes the integrated components of land management, property development and agriculture. The activities are dealt with in detail in the annual report.

FINANCIAL RESULTS

The net profit attributable to shareholders for the year ended 31 December 2007 amounted to R 3,457 billion (2006 - R723 million). This translates into a headline earnings per share of 58,1 cents (2006 - 666,4 cents) based on the weighted average number of shares in issue during the year.

DIVIDENDS

An interim dividend number 160 of 150 cents per share was paid on 30 August 2007 and a final dividend number 161 of 160 cents per share has been declared and is payable on 27 March 2008 to shareholders registered at the close of business on 20 March 2008.

The salient dates of the declaration and payment of this final dividend are as follows:

Last date to trade ordinary shares "CUM" dividend	Thursday	13 March 2008
Ordinary shares trade "EX" dividend	Friday	14 March 2008
Record date	Thursday	20 March 2008
Payment date	Thursday	27 March 2008

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Friday 14 March 2008 and Thursday 20 March 2008, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Thursday 13 March 2008.

SHARE CAPITAL

Following the unbundling and listing of Hulamin and the introduction of BEE equity participation in Tongaat Hulett and Hulamin, Tongaat Hulett's authorised share capital of R150 000 000, comprising of 150 000 000 ordinary par value shares of R1,00 (one Rand) each, was increased by way of a special resolution in a general meeting, to R199 700 010, through the creation of:

1. 30 000 000 A preferred ordinary par value shares of R1,00 (one Rand) each;
2. 6 000 000 B1 ordinary par value shares of R1,00 (one Rand) each;
3. 10 500 000 B2 ordinary par value shares of R1,00 (one Rand) each;
4. 3 200 000 B3 ordinary par value shares of R1,00 (one Rand) each; and
5. 10 redeemable preference shares of R1,00 (one Rand) each.

During the year 1 265 571 shares were allotted (including 150 900 shares to directors) in respect of options exercised in terms of the company's employee share incentive schemes for a total consideration of R49 million. Details of the unissued ordinary shares and the company's share incentive schemes are set out in notes 11, 33 and 34.

Shareholders will be asked to consider an ordinary resolution at the forthcoming annual general meeting to place unissued shares of the company up to five percent of the number of shares in issue at 23 April 2008 under the control of the directors until the following annual general meeting.

At the previous annual general meeting, a general authority was granted by shareholders for the company to acquire its own shares in terms of the Companies Act. The directors consider that it will be advantageous for the company were this general authority to continue. Such authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company at the relevant time. Shareholders will be asked to consider a special resolution to this effect at the forthcoming annual general meeting with the proviso that the number of ordinary shares acquired in any one financial year may not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed.

In compliance with the Listings Requirements of the JSE Limited ("JSE"), the acquisition of shares or debentures ("securities") pursuant to a general authority may only be made by a company subject to such acquisitions:

- being effected through the order book operated by the JSE trading system;
- being authorised thereto by the company's articles of association;
- being authorised by the shareholders of the company in terms of a special resolution of the company in general meeting which will be valid only until the next annual

general meeting of the company; provided that such authority will not extend beyond 15 months from the date of the resolution;

- not being made at a price greater than ten percent above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five business day period.

Further, in terms of the Listings Requirements of the JSE, the directors consider that in their opinion, taking into account the effect of the maximum acquisition by the company of shares issued by it as referred to above:

- the company and its subsidiaries (together "the group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 21 February 2008;
- the assets of the company and of the group will be in excess of the liabilities of the company and the group for a period of 12 months from 21 February 2008. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited group annual financial statements;
- the ordinary capital and reserves of the company and the group will be sufficient for the company's and the group's present requirements for 12 months from 21 February 2008;
- the working capital of the company and the group for a period of 12 months from 21 February 2008 will be adequate for the company's and the group's requirements.

SUBSIDIARY COMPANIES AND JOINT VENTURES

The principal subsidiaries and joint ventures of the company are reflected in note 26.

The attributable interest of the company in the results of its consolidated subsidiaries and joint ventures for the year ended 31 December 2007 is as follows: :

	2007	2006
In the aggregate amount of:		
Net profit - (R million)	565	421
Net losses - (R million)	12	45

DIRECTORATE

The unbundling and listing of Hulamin and the introduction of BEE equity participation in Tongaat Hulett and Hulamin, necessitated changes to the composition of the Tongaat Hulett board, as detailed in the corporate governance report. The composition of the Board, at 31 December 2007, is as follows: C M L Savage (Chairman), P H Staude (CEO), P M Baum, E le R Bradley, B G Dunlop, J John, J B Magwaza, M Mia, M H Munro, T H Nyasulu, C B Sibisi, R H J Stevens and J G Williams.

Directors retiring by rotation at the annual general meeting in accordance with article 61 of the articles of association are Messrs P M Baum, J B Magwaza and R H J Stevens. Mrs J John and Messrs C B Sibisi and J G Williams were appointed during the course of the last financial year and are required to retire and be re-elected at the annual general meeting in accordance with article 59 of the articles of association. These directors are all eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 44 and 45.

DIRECTORS' SHAREHOLDINGS

At 31 December 2007, the present directors of the company beneficially held a total of 276 484 ordinary shares equivalent to 0,27 percent in the company (2006 - 1 077 970 shares equivalent to one percent and which included directors who resigned from the Board following the corporate restructuring transactions and the change in the composition of the Board in 2007). They also held, in a non-beneficial capacity, a total of 24 647 ordinary shares equivalent to 0,02 percent in the company (2006 – 508 310 shares equivalent to 0,5 percent). Details of the directors' shareholdings and interests in the share incentive schemes are provided in notes 32 and 33. There has been no change in these holdings between 31 December 2007 and 21 February 2008.

AUDIT AND COMPLIANCE COMMITTEE

The Corporate Laws Amendment Act No 24 of 2006 (the Act) came into effect on 14 December 2007. The Tongaat Hulett Audit and Compliance Committee has considered the provisions of the Act and has taken the necessary steps to ensure compliance. The committee confirms that during 2007 it carried out its functions responsibly and in accordance with its terms of reference as detailed in the Corporate Governance section of the Annual Report. In addition, the committee is satisfied that the designated auditors of the company are independent of the company.

POST BALANCE SHEET EVENTS

There were no material events between the balance sheet date and the date of this report.

BALANCE SHEETS

as at 31 December 2007 — *Tongaat Hulett Limited*

Company 2006	Company 2007	Rmillion	Note	Consolidated 2007	Consolidated 2006
		ASSETS			
		Non-current assets			
1 992	2 125	Property, plant and equipment	1	**3 210**	4 270
87	98	Growing crops	2	**353**	212
203	401	Long-term receivable and prepayment	3	**203**	203
		Goodwill	4	**42**	21
	4	Intangible assets	5	**6**	14
2	265	Investments	6	**267**	320
1 834	1 138	Subsidiaries and joint ventures	7		
4 118	4 031			**4 081**	5 040
1 494	1 683	**Current assets**		**3 546**	4 016
911	1 032	Inventories	8	**1 331**	1 595
568	553	Trade and other receivables		**1 742**	1 879
6	12	Derivative instruments	9	**12**	33
	65	Tax		**65**	
9	21	Cash and cash equivalents	10	**396**	509
5 612	5 714	**TOTAL ASSETS**		**7 627**	9 056
		EQUITY AND LIABILITIES			
		Capital and reserves			
107	138	Share capital	11	**138**	107
932	1 517	Share premium		**1 517**	932
		BEE held consolidation shares	12	**(1 053)**	
2 185	1 051	Retained income		**1 796**	3 868
75	353	Other reserves		**337**	50
3 299	3 059	**Shareholders' interest**		**2 735**	4 957
		Minority interests in subsidiaries		**223**	76
3 299	3 059	**Equity**		**2 958**	5 033
719	1 099	**Non-current liabilities**		**2 156**	1 401
472	487	Deferred tax	13	**673**	1 055
	351	Long-term borrowings	14	**410**	49
		Non-recourse equity-settled BEE borrowings	15	**812**	
247	261	Provisions	16	**261**	297
1 594	1 556	**Current liabilities**		**2 513**	2 622
550	636	Trade and other payables	17	**1 494**	1 388
1 039	918	Short-term borrowings	14	**977**	1 174
5	2	Derivative instruments	9	**2**	16
		Tax		**40**	44
5 612	5 714	**TOTAL EQUITY AND LIABILITIES**		**7 627**	9 056

INCOME STATEMENTS

for the year ended 31 December 2007 — *Tongaat Hulett Limited*

Company 2006	Company 2007	Rmillion	Note	Consolidated 2007	Consolidated 2006 Restated
4 194	4 762	REVENUE - continuing operations		**6 395**	5 110
488	515	**Profit from Tongaat Hulett operations**		**838**	726
290	1	Capital profit on land		**48**	26
	(379)	BEE IFRS 2 charge and transaction costs		**(383)**	
		Exchange rate translation (loss)/gain		**(1)**	57
	3 348	Fair value adjustment of investment in Hulamin		**3 348**	
778	3 485	**Operating profit after corporate transactions**	18	**3 850**	809
		Share of associate company's loss	6		(4)
(73)	(151)	Financing costs	20	**(193)**	(38)
108	49	Finance income	20	**74**	126
813	3 383	**PROFIT BEFORE TAX**		**3 731**	893
(177)	(142)	Tax	21	**(288)**	(238)
636	3 241	**NET PROFIT AFTER TAX**		**3 443**	655
		DISCONTINUED OPERATION	35		
		Hulamin unbundling		**42**	69
636	3 241	**NET PROFIT**		**3 485**	724
		Attributable to:			
636	3 241	Shareholders		**3 457**	723
		Minority interest		**28**	1
636	3 241			**3 485**	724
		EARNINGS PER SHARE (cents)	23		
		Basic		**3 292,8**	685,3
		Diluted		**3 220,7**	667,8

CASH FLOW STATEMENTS

for the year ended 31 December 2007 *Tongaat Hulett Limited*

Company 2006	Company 2007	Rmillion	Consolidated 2007	Consolidated 2006
		Cash generated from operations		
778	3 185	Operating profit before dividends	**3 797**	959
	300	Dividends received	**53**	61
778	3 485	Operating profit	**3 850**	1 020
(309)	(1)	Profit on disposal of property, plant and equipment	**(48)**	(45)
		Non-cash items:		
	(3 348)	Fair value adjustment of investment in Hulamin	**(3 348)**	
	349	BEE IFRS 2 charge and accelerated vesting of share awards	**350**	
176	192	Depreciation	**222**	272
		Adjustment for exchange rate translation loss/(gain)	**1**	(57)
10	14	Provisions	**14**	14
4	12	Other	**(71)**	(16)
(63)	(190)	Tax payments	**(293)**	(152)
596	513	Cash generated from operations	**677**	1 036
		Cash required by operations		
(13)	(130)	Inventories	**(216)**	(115)
(36)	10	Trade and other receivables	**(276)**	(558)
12	85	Trade and other payables	**317**	266
(37)	(35)	Increase in working capital	**(175)**	(407)
559	478	Cash flow from operations	**502**	629
35	(102)	Net financing (costs)/income	**(119)**	(23)
594	376	**Cash flow from operating activities**	**383**	606
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(132)	(114)	- New	**(516)**	(281)
(147)	(174)	- Replacement	**(193)**	(163)
(38)	(46)	- Major plant overhaul costs capitalised	**(46)**	(38)
	(4)	Expenditure on intangible assets	**(4)**	(3)
7	(4)	(Expenditure on)/disposal of growing crops	**(14)**	7
338	10	Proceeds on disposal of property, plant and equipment	**58**	78
(290)	(263)	Investments - shares in subsidiary	**(2)**	(254)
		Investments - unlisted		(3)
	(210)	Prepayment		
(262)	(805)	Net cash used in investing activities	**(717)**	(657)
332	(429)	**Net cash flow before dividends and financing activities**	**(334)**	(51)
		Dividends paid		
(506)	(582)	Ordinary and preferred ordinary shares	**(531)**	(506)
		Minorities	**(20)**	
(506)	(582)	Dividends paid	**(551)**	(506)
(174)	(1 011)	**Net cash flow before financing activities**	**(885)**	(557)
		Cash flows from financing activities		
492	230	Borrowings raised	**712**	358
		Non-recourse equity-settled BEE borrowings	**812**	
		Hedges of foreign loans		19
106	1 115	Shares issued	**49**	106
		Equity contribution by BEE minorities	**18**	
	(450)	Share repurchase	**(450)**	
	(65)	Settlement of share-based payment awards	**(73)**	
	(9)	Share issue expenses	**(9)**	
(455)	202	Inter-group loans		
143	1 023	Net cash from financing activities	**1 059**	483
(31)	12	**Net increase/(decrease) in cash and cash equivalents**	**174**	(74)
40	9	Balance at beginning of year	**509**	526
		Subsidiaries consolidated	**46**	
		Hulamin unbundling	**(347)**	
		Foreign exchange adjustment	**15**	
		Exchange rate translation (loss)/gain	**(1)**	57
9	21	**Cash and cash equivalents at end of year**	**396**	509

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2007 — *Tongaat Hulett Limited*

Rmillion	Share Capital Ordinary	Share Capital B Ordinary	Share Capital A Preferred Ordinary	Share Premium	BEE Held Consolidation Shares	Capital Redemption Reserve funds	Share-based Payment Reserve	Hedging and Translation Reserves	Retained Income	Shareholders' Interest	Minority Interest	Total
CONSOLIDATED												
Balance at 1 January 2006	104			821		33	28	(24)	3 651	4 613	75	4 688
Share capital issued	3			103						106		106
Transfer on exercise of options				8			(8)					
Hedge reserve released to income statement								(9)		(9)		(9)
Gain from cash flow hedges								8		8		8
Recognition of share-based payment							22			22		22
Net profit									723	723	1	724
Dividends paid									(506)	(506)		(506)
Balance at 31 December 2006	107			932		33	42	(25)	3 868	4 957	76	5 033
Share capital issued	1	10	25	1 079	(1 053)					62		62
Repurchase of ordinary shares	(5)								(445)	(450)		(450)
Equity contribution by BEE minorities											18	18
Share issue expenses				(9)						(9)		(9)
Transfer on exercise of options				9			(9)					
Currency exchange rate changes								19		19	4	23
Share-based payment charge							374			374		374
Settlement of share-based payment awards							(81)			(81)		(81)
Consolidation of subsidiaries											129	129
Hulamin unbundling				(494)			(12)	(4)	(4 546)	(5 056)	(19)	(5 075)
Net profit									3 457	3 457	28	3 485
Reallocation of minority interest									(7)	(7)	7	
Dividends paid									(531)	(531)		(531)
Dividends paid - minorities											(20)	(20)
Balance at 31 December 2007	103	10	25	1 517	(1 053)	33	314	(10)	1 796	2 735	223	2 958
COMPANY												
Balance at 1 January 2006	104			821		29	28	2	2 055	3 039		
Share capital issued	3			103						106		
Transfer on exercise of options				8			(8)					
Hedge reserve released to income statement								(2)		(2)		
Gain from cash flow hedges								4		4		
Recognition of share-based payment							22			22		
Net profit									636	636		
Dividends paid									(506)	(506)		
Balance at 31 December 2006	107			932		29	42	4	2 185	3 299		
Share capital issued	1	10	25	1 079						1 115		
Repurchase of ordinary shares	(5)								(445)	(450)		
Share issue expenses				(9)						(9)		
Transfer on exercise of options				9			(9)					
Share-based payment charge							374			374		
Settlement of share-based payment awards							(75)			(75)		
Hulamin unbundling				(494)			(12)		(3 348)	(3 854)		
Net profit									3 241	3 241		
Dividends paid									(582)	(582)		
Balance at 31 December 2007	103	10	25	1 517		29	320	4	1 051	3 059		

The annual financial statements are prepared in accordance with the accounting policies which fully comply with International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous year. The adoption in 2007 of IFRS 7 Financial Instruments: Disclosures and IAS 1 Presentation of Financial Statements resulted in additional disclosures in the Annual Report.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and of its subsidiaries, except those foreign subsidiaries and associates where the assessment of effective operational and financial control does not meet the criteria for consolidation in terms of IAS 27 Consolidated and Separate Financial Statements, principally as it relates to Triangle Sugar Limited in Zimbabwe. The interest in such foreign subsidiaries is included at cost less provisions and amounts written off, and results are accounted for in operating profit only to the extent that dividends, net of any withholding taxes, are received. The results of all other subsidiaries are included from the date effective control was acquired and up to the date effective control ceased. Investments in joint ventures are accounted for on the proportionate consolidation method from the effective date of acquisition and up to the effective date of disposal. All material inter-company balances and transactions are eliminated. Special purpose entities which were established in a black economic empowerment transaction have been and will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

Minority interests in the net assets of consolidated subsidiaries are identified separately from Tongaat Hulett's equity therein. The interests of minority shareholders is initially measured at the date of acquisition at the minority's proportion of the net fair value of the assets and liabilities consolidated and thereafter, the minority's share of changes in equity since the date of acquisition. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of Tongaat Hulett except to the extent that the minority has a binding obligation and the financial ability to cover such losses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, including refurbishment, less accumulated depreciation and impairment. Cost includes the estimated cost of dismantling and removing the assets. Interest and other costs incurred on major capital projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete.

Assets held under finance lease agreements are capitalised at fair value and the corresponding liabilities to the lessor are raised. Lease finance charges are charged to earnings over the term of the relevant lease using the effective interest rate method. Land and capital work in progress are not depreciated. All other fixed assets, including major factory overhaul costs, are depreciated and charged to profit or loss over their expected useful lives to estimated residual values at rates appropriate to their use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

During the year under review, property, plant and equipment were depreciated on the straight line basis using the rates set out below:

Buildings	30 to 50 years
Plant and equipment	4 to 40 years
Vehicles	4 to 12 years
Furniture and equipment	3 to 10 years

On the disposal or scrapping of property, plant and equipment, the gain or loss arising thereon is recognised in profit or loss.

INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured initially at cost. After initial recognition, an intangible asset is measured at cost less accumulated amortisation. An intangible asset with a finite useful life is amortised on the straight line basis over its expected useful life, which in the case of software is 3 to 5 years. An intangible asset with an indefinite useful life is not amortised, but is tested annually for impairment. When an intangible asset is disposed of, the gain or loss on disposal is recognised in profit or loss.

GROWING CROPS

Growing crops comprise roots and standing cane. The carrying value is determined as follows:

- Roots at current replacement cost of planting and establishment and subsequently reduced in value over the period of its productive life;
- Standing cane at the estimated sucrose content less harvesting, transport and over the weighbridge costs.

GOODWILL

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over Tongaat Hulett's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost. It is subsequently measured at cost less any accumulated impairment losses and is not amortised.

ASSOCIATE COMPANIES

Associates are those companies, which are not subsidiaries or joint ventures, over which Tongaat Hulett exercises significant influence. Results of associates are equity accounted. Any losses of associates are brought to account until the investment in, and loans to, such associates are written down to a nominal amount. Thereafter losses are accounted for only insofar as Tongaat Hulett is committed to providing financial support to such associates.

The carrying value of investments in associates represents the cost of each investment including goodwill, the share of post acquisition retained income or losses and other movements in reserves.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value determined in general on the first-in-first-out and average methods. The cost of finished goods and work in progress comprises direct materials, labour and appropriate overhead costs. Progress payments are deducted from work in progress where applicable. Development properties comprise land valued at cost and development expenditure attributable to unsold properties. Obsolete and slow moving inventories are identified and suitable reductions in value are made where necessary.

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

Certain maize purchase commitments are recognised as constructive obligations. Maize that relates to such a constructive obligation is recognised as inventory, the related liability is recognised as a current liability and to the extent that the final purchase price includes a financing element, this is recognised as interest over the period of the obligation.

DEFERRED TAX

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which does not affect either taxable profit or accounting profit.

IMPAIRMENT

At each balance sheet date, Tongaat Hulett reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset, being the higher of its net selling price and its value in use, is assessed in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately and are treated as exceptional items.

RESEARCH AND DEVELOPMENT

Expenditure on research is charged to profit or loss in the year in which it is incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. The amount of development cost recognised as an asset is amortised over the estimated useful life of the related development but not exceeding five years.

REVENUE

Revenue comprises sales arising from normal trading activities excluding intra-group transactions and is recognised when the significant risks and rewards of the goods are transferred to the buyer. In respect of the sale of township properties, sales are recognised when the relevant agreements are unconditional and binding on the purchaser, the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price, zoning and final conditions of establishment have been obtained and servicing arrangements and costs are substantially finalised. In the determination of revenue, cash and settlement discounts, rebates and VAT are excluded.

FOREIGN CURRENCIES

The functional currency of each entity within Tongaat Hulett is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the balance sheet date.

Gains and losses arising on exchange differences are recognised in profit or loss.

The financial statements of entities whose functional currencies are different to Tongaat Hulett's presentation currency which, because of its primary operating activities, is South African Rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling on the balance sheet date;
- Income and expense items at the average exchange rates for the period; and

- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised directly in equity. On disposal of such an entity, this reserve is recognised in profit or loss.

FINANCIAL INSTRUMENTS

Recognition

A financial asset or financial liability is recognised on the balance sheet for as long as Tongaat Hulett is a party to the contractual provisions of the instrument. Purchases of derivatives are recognised on trade date and sales are recognised on settlement date. Gains or losses on derecognition of financial assets or liabilities are recognised in profit or loss.

Measurement

Financial instruments are initially measured at cost, including directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as follows:

- Trade and other receivables originated by Tongaat Hulett are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.
- Held-for-trading, available for sale and cash equivalent investments are held at fair value.
- Held-to-maturity investments are held at amortised cost using the effective interest rate method after deducting accumulated impairment losses.
- Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.
- Unlisted investments are recorded at cost.

Gains or losses on subsequent measurement

Gains or losses on subsequent measurement of financial instruments that are carried at fair value, and are not part of a hedging relationship, are accounted for as follows:

- Held-for-trading financial assets are recognised in profit or loss for the year.
- Available for sale and cash equivalent investments are taken to equity until the financial asset is disposed of, or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the year.

For the purposes of hedge accounting, hedges are classified into two categories:

- Fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset, liability or firm commitment; and
- Cash flow hedges, which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised in profit or loss for the period. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in profit or loss for the period.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity and the ineffective portion is recognised in profit or loss for the period. For cash flow hedges affecting future transactions, the gains or losses, which are recognised in shareholders' equity, are transferred to profit or loss in the same period in which the hedged transaction affects profit or loss. Where the hedged transaction results in the recognition of an asset or a liability, then at the time the asset or liability is recognised, the associated gain or loss that had previously been recognised in shareholders' equity is included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Set-off

Where the redemption of debt, raised for major capital projects, is provided for by sinking funds or financial instruments which allow for the legal right of set-off against the debt on the repayment date, and it is expected that the debt will be settled in this way, the related income statement, cash flow statement and balance sheet items are set off.

Financial guarantee contracts

Where financial guarantee contracts are entered into, these are regarded as insurance contracts and accounted for as insurance arrangements.

GOVERNMENT GRANTS

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. When the conditions attaching to government grants have been complied with they are recognised in profit or loss. When they are for expenses or losses already incurred, they are recognised immediately in profit or loss.

EMPLOYEE BENEFITS

Retirement Funds

The assets of the defined benefit scheme and defined contribution schemes are held separately from those of Tongaat Hulett and are administered and controlled by trustees.

The 2001 Surplus Apportionment Plan was approved by the Financial Services Board in May 2007. The manner in which the fund proceeds following the unbundling of Hulamin from Tongaat Hulett and the split between employers participating in the fund of the share of the actuarial surplus attributed to the employer surplus account has yet to be finalized. Accordingly, due to the uncertainty regarding the apportionment, no surplus has been recognised on the balance sheet.

Contributions to defined contribution schemes are charged to profit or loss when incurred.

Post-retirement Medical Aid Benefits and Retirement Gratuities

Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date as determined by independent actuaries. Actuarial gains and losses are amortised over ten years beginning in the year that the actuarial gain or loss arises.

SHARE-BASED PAYMENTS

The company enters into share-based payment transactions in terms of the employee share incentive schemes. The charge to profit or loss required by IFRS 2 Share-based Payment is accounted for in terms of the scheme on the basis that the instruments are equity-settled. The total amount to be expensed on a straight line basis over the vesting period is determined by reference to the fair value of the awards determined at the grant date. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become due, including taking into account the forfeiture of instruments due to resignation and these assumptions are reviewed on an annual basis. The fair value of the share-based payment is measured using a binomial tree model and/or a Monte Carlo Simulation model, as is appropriate for the various schemes.

CORPORATE TRANSACTIONS CONCLUDED IN 2007

The following corporate transactions were concluded by Tongaat Hulett in 2007:

Unbundling of Hulamin

Pursuant to the listing and unbundling of Hulamin, Tongaat Hulett's 50% share in Hulamin was valued through the income statement by R3,348 billion in June 2007 and thereafter unbundled as a distribution in specie to Tongaat Hulett shareholders, by way of a reduction of share premium and retained income. Hulamin's net profit (which does not include the valuation gain) for the period up to the unbundling is reflected as a discontinued operation.

Share Repurchase

The share buy-back in terms of a section 311 scheme of arrangement, totalling R506 million including STC, was implemented in July 2007. The premium over the par value of the shares acquired was paid out of retained income and the STC was charged through the income statement.

25% BEE Equity Participation Transactions

Broad based 18% interest held by strategic partners, cane and infrastructure communities:

The broad based BEE equity participation of 18%, involving strategic partners, cane and infrastructure communities, is held by two SPV's - the Infrastructure SPV (10%) and the yoMoba SPV (8%).

The cost related to this 18% broad based BEE equity participation was measured and recognised at the grant date in June 2007, resulting in a once-off IFRS 2 cost of R320 million being charged to the income statement.

The BEE Infrastructure SPV participation interest of R1,289 billion was funded through a combination of notional vendor financing (R821 million), preference share funding (R458 million) and equity and shareholders' loans of R10 million. The BEE yoMoba SPV participation interest of R1,031 billion was funded through a combination of notional vendor financing (R657 million), preference share funding (R367 million) and equity and shareholders' loans of R8 million. The SPV's participation interests are in the form of preferred ordinary shares which are entitled to receive a fixed coupon every year for a period of seven years. After seven years the preferred ordinary shares will cease to receive preferred ordinary dividends. Tongaat Hulett has therefore committed to pay a fixed coupon on these preferred ordinary shares of R100 million in aggregate on an annual basis and the preferred ordinary shares will not receive any ordinary dividends for the duration of the seven year period. In terms of the notional vendor finance arrangement between the respective SPVs and Tongaat Hulett (R821 milion in respect of the BEE Infrastructure SPV and R657 million in respect of the BEE yoMoba SPV), Tongaat Hulett will be entitled to repurchase, at a price of R0,01 per share, such number of shares as determined in accordance with a repurchase formula, subject to the external funding claims in the SPV. The number of shares repurchased will be a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett and the success of the earn-in initiatives by the respective BEE partners. In compliance with IFRS, the two BEE SPVs are consolidated by Tongaat Hulett and consequently the preferred ordinary shares are not reflected as currently being 'in issue' in the consolidated financial statements, but are taken into account when calculating diluted earnings per share. The external debt of the SPVs (amounting to R825 million in aggregate) is thus reflected on the consolidated balance sheet and the funding charge incurred by the SPV is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will effectively be equity settled. After seven years the preferred ordinary shares will convert into Tongaat Hulett listed ordinary shares.

BEE 7% employee interest

The 7% BEE employee transaction comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP). The ESOP scheme consists of a share appreciation right scheme and participants share in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consists of two components namely a share appreciation right scheme and a share grant scheme. The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. These shares have specific repurchase terms at maturity (five years from grant). They are a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares and become ordinary shares on maturity.

The IFRS 2 costs relating to the 7% BEE employee transaction is amortised over five years, commencing in the second half of 2007.

The BEE employee equity participation trusts' subscription consideration for the new class of share ("B ordinary shares") was funded through contributions by the respective operating entities in Tongaat Hulett and the notional vendor finance provided to the employees, which will be recovered at the maturity of the scheme through the repurchase by Tongaat Hulett of so many B ordinary shares as equate in value to the amount of the outstanding notional vendor funding. The repurchase formulae take into account a notional funding requirement based, inter alia, on the ordinary dividend declared each year.

In accordance with IFRS, the ESOP Share Trust and MSOP Share Trust are consolidated by Tongaat Hulett and consequently the B ordinary shares are not reflected as currently being 'in issue' in the consolidated financial statements, but are taken into account when calculating diluted earnings per share.

JUDGMENTS MADE BY MANAGEMENT

Preparing financial statements in accordance with IFRS requires estimates and assumptions that affect reported amounts and related disclosures. Certain accounting policies have been identified as involving complex or subjective judgments or assessments. The items for consideration have been identified as follows:

- **Non-consolidation of Zimbabwean subsidiaries:**
  The appropriate accounting treatment of the Zimbabwean subsidiaries, in terms of IAS 27 Consolidated and Separate Financial Statements, is reviewed on an ongoing basis in the light of the prevailing situation in Zimbabwe.

- **Growing crop valuation:**
  Growing crops are required to be measured at fair value less harvesting, transport and over the weighbridge costs. In determining fair value an estimate is made of the yield of the standing cane. This estimate can vary from the actual yield when the cane is harvested.

- **Future development expenditure provision/ accrual at Tongaat Hulett Developments:**
  Judgment is applied in determining total project costs, which are supported by estimates from professional consultants and consulting engineers for services infrastructure. These costs are reviewed by management three to four times a year during the forecasting process, and if necessary estimates are revised accordingly.

- **Asset lives and residual lives:**
  Property, plant and equipment are depreciated over their useful lives taking into account residual values. The actual lives of the assets and residual values are assessed annually and are influenced by factors such as technological innovation, product life cycles and maintenance programmes. Residual value assessments consider issues such as market conditions, the remaining life of the asset and projected disposal values.

- **Impairment of assets:**
  Ongoing assessments are made regarding any potential impairment of assets across Tongaat Hulett, using valuation models prescribed under IFRS.

- **Decommissioning and rehabilitation obligations in respect of the environment:**
  Tongaat Hulett monitors and assesses its obligations arising from decommissioning of plant and rehabilitation of the environment on an ongoing basis.

- **Post-retirement benefit obligations:**
  Post-retirement benefit obligations are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare costs, inflation rates and salary increments.

- **Valuation of financial instruments:**
  The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the balance sheet date.

KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year, other than in respect of The Tongaat-Hulett Pension Fund, as described under Employee Benefits on page 61.

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

IAS 19 Employee Benefits, which was amended in 2004, provides an option, which entities may elect to adopt either now or at a later date, that allows for the accounting of actuarial gains/losses, either by recognising them through the income statement over the expected remaining lives of participants, or outside the income statement in a statement titled "Statement of Recognised Income and Expense". The statement covers pension fund accounting and the provisions for post-retirement medical costs and retirement gratuities. This alternate accounting treatment of actuarial gains/losses will be assessed once decisions have been made on the manner in which the fund proceeds following the unbundling of Hulamin from Tongaat Hulett and the split between employers participating in the fund of the share of the actuarial surplus attributed to the employer surplus account. The impact of the adoption of the amendments to IAS 19 as it relates to the provisions for post-retirement medical costs and retirement gratuities is relatively immaterial.

The following new standards and interpretations were also in issue but not effective for 2007. Tongaat Hulett is in the process of evaluating the effects of these new standards and interpretations but they are not expected to have a significant impact on Tongaat Hulett's results and disclosures:

IAS 1	Presentation of Financial Statements
IAS 23	Borrowing Costs
IFRS 8	Operating Segments
IFRIC 11	IFRS 2 - Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

1. **PROPERTY, PLANT AND EQUIPMENT** (Rmillion)

Consolidated	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Carrying value at beginning of year	4 270	632	3 058	182	69	329
Subsidiaries acquired	316	71	167	69		9
Hulamin unbundling	(1 970)	(246)	(1 569)	(17)		(138)
Additions	755	40	206	60	3	446
Disposals	(10)	(7)	(2)	(1)		
Depreciation	(222)	(9)	(182)	(29)	(2)	
Transfers		4	51	7	(4)	(58)
Currency alignment	71	13	21	8	7	22
Carrying value at end of year	3 210	498	1 750	279	73	610
Comprising:						
2007						
At cost	4 976	674	3 018	582	92	610
Accumulated depreciation	1 766	176	1 268	303	19	
	3 210	498	1 750	279	73	610
2006						
At cost	6 134	773	4 494	426	112	329
Accumulated depreciation	1 864	141	1 436	244	43	
	4 270	632	3 058	182	69	329

Company

	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Carrying value at beginning of year	1 992	284	1 427	109	5	167
Additions	334	27	163	21		123
Disposals	(9)	(7)	(2)			
Depreciation	(192)	(5)	(171)	(16)		
Transfers		4	51	4	(4)	(55)
Carrying value at end of year	2 125	303	1 468	118	1	235
Comprising:						
2007						
At cost	3 528	377	2 617	298	1	235
Accumulated depreciation	1 403	74	1 149	180		
	2 125	303	1 468	118	1	235
2006						
At cost	3 267	353	2 438	279	30	167
Accumulated depreciation	1 275	69	1 011	170	25	
	1 992	284	1 427	109	5	167

Plant and machinery in Mozambique subsidiaries with a book value of R248 million (2006 - R88 million) are encumbered as security for certain short-term borrowings of R111 million (2006 - R50 million) and secured finance lease obligations.

The register of land and buildings is available for inspection at the company's registered office.

2. **GROWING CROPS** (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Carrying value at beginning of year	**212**	182	87	77
Subsidiaries consolidated	**70**			
Gain arising from physical growth and price changes	**40**	29	7	13
Increase due to increased area under cane	**19**	4	7	
Decrease due to reduced area under cane	**(3)**	(3)	(3)	(3)
Currency alignment	**15**			
Carrying value at end of year	**353**	212	98	87
The carrying value comprises:				
Roots	**201**	116	58	46
Standing cane	**152**	96	40	41
	353	212	98	87
Area under cane (hectares):				
South Africa	**10 401**	9 639	10 401	9 639
Mozambique	**14 393**	7 444		
Swaziland	**3 750**	3 744		
	28 544	20 827	10 401	9 639

3. **LONG-TERM RECEIVABLE AND PREPAYMENT** (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Long-term receivable				
Advances to an export partnership - at fair value	**203**	203	203	203
Prepayment				
Contribution to the BEE Employee Share Ownership Plan	**136**		132	
Contribution to the BEE Management Share Ownership Plan	**91**		78	
	227		210	
Less amortised	**(13)**		(12)	
Less BEE share ownership plan consolidation shares	**(214)**			
			198	
Carrying value at end of year	**203**	203	401	203

The prepayment relates to awards made in terms of the company's BEE employee share ownership plans, details of which are set out in note 34.

4. **GOODWILL** (Rmillion)

	Consolidated	
	2007	2006
Carrying value at beginning of year	**21**	21
Subsidiaries consolidated	**20**	
Currency exchange rate changes	**1**	
Carrying value at end of year	**42**	21

Goodwill is attributable to the Mozambique sugar operations. Goodwill is tested annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections which cover a period of twenty years are based on the most recent budgets and forecasts approved by management and the extrapolation of cash flows which incorporate growth rates consistent with the average long term growth trends of the market. As at 31 December 2007, the carrying value of goodwill was considered not to require impairment.

5. INTANGIBLE ASSETS (Rmillion)

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Software at cost:				
At beginning of year	**26**	23	7	7
Hulamin unbundling	**(14)**			
Additions	**4**	3	4	
At end of year	**16**	26	11	7
Accumulated amortisation:				
At beginning of year	**12**	11	7	7
Hulamin unbundling	**(2)**			
Charge for the year		1		
At end of year	**10**	12	7	7
Carrying value at end of year	**6**	14	4	

6. INVESTMENTS (Rmillion)

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006

Associate:

The interest in Acucareira de Xinavane, SARL (Mozambique) was increased to 88% from 49% with effect from 1 January 2007, being the effective date from which this company has been consolidated.

The carrying value of the 49% interest in Acucareira de Xinavane, SARL (Mozambique) for the prior year comprises:

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Unlisted shares		128		
Loan		54		
Cumulative share of post-acquisition deficits		(121)		
Balance at beginning of year		(117)		
Loss for the year		(4)		
Book value		61		
Directors' valuation		61		
Summarised balance sheet:				
Property, plant and equipment		306		
Growing crops		70		
Current assets		117		
Current liabilities		(68)		
Borrowings:				
- External		(280)		
- Shareholders		(192)		
Net deficit		(47)		
Other shareholders' share of deficit		24		
Tongaat Hulett share of deficits (pre and post-acquisition)		(23)		
Summarised income statement:				
Revenue		223		
Profit before depreciation		42		
Depreciation		(16)		
Foreign exchange loss		(5)		
Profit before financing costs		21		
Financing costs		(29)		
Loss after financing costs		(8)		
Other shareholders' interest		4		
Tongaat Hulett share of loss		(4)		

Other investments :

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Unlisted shares at cost	**264**	256	263	
Loans	**3**	3	2	2
Book value	**267**	259	265	2
Carrying value of investments (Directors' valuation)	**267**	320	265	2

A schedule of unlisted investments is available for inspection at the company's registered office.

7. **SUBSIDIARIES AND JOINT VENTURES** (Rmillion)

	Company 2007	Company 2006
Shares at cost, less amounts written off	556	853
Indebtedness by	908	1 107
Indebtedness to	(326)	(126)
	1 138	1 834

	Consolidated **2007**	Consolidated 2006
Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of joint ventures which are included in the consolidated financial statements, are set out below. The 2006 figures include Tongaat Hulett's share of Hulett Aluminium which was unbundled in 2007, as detailed in note 35.		
Property, plant, equipment and investments	**7**	1 982
Current assets	**435**	1 497
Less: Current liabilities	**(170)**	(652)
Capital employed	**272**	2 827
Less: Borrowings		(94)
Post-acquisition reserves		(1 216)
Deferred tax and provisions		(499)
Minority interest in subsidiary		(19)
Interest in joint ventures	**272**	999
Tongaat Hulett's proportionate share of the trading results of the joint ventures is as follows:		Restated
Revenue - continuing operations	**224**	110
Profit before tax	**125**	57
Tax	**(15)**	(16)
Net profit after tax	**110**	41
Minority interests		(4)
Discontinued operation - Hulamin unbundling	**42**	69
	152	106
Tongaat Hulett's proportionate share of cash flows of the joint ventures is as follows:		
Cash flows from operating activities	**69**	53
Net cash used in investing activities	**(19)**	90
Net movement in cash resources	**50**	143

The original investment in Triangle Sugar is retained at a nominal value with the subsequent investment held at cost. Its unaudited assets, liabilities and results, which are not included in the consolidated financial which have not been adjusted for inflation, are translated at the official exporters Zimbabwe dollar exchange rate (2006 - official Zimbabwe dollar exchange rate) as follows:

	2007	2006		2007	2006
Equity	541	668	Property, plant and equipment #	22	37
Minority interests	23	15	Growing crops	426	388
Deferred tax	119	123	Investment in Hippo Valley +	254	254
Long-term borrowings	3	4	Current assets	162	484
			Current liabilities	(178)	(353)
	686	810		686	810
Revenue	598	1 547	Net profit	315	636

\# Property, plant and equipment have been accounted for in terms of the historical cost convention.
\+ Not consolidated.

8. INVENTORIES (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Raw materials	**206**	323	206	132
Work in progress	**15**	180	15	10
Finished goods	**737**	785	721	692
Consumable stores	**142**	146	90	77
Development properties	**231**	161		
	1 331	1 595	1 032	911

Included in raw materials is an amount of R155 million (2006 - R127 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. DERIVATIVE INSTRUMENTS (Rmillion)

The fair value of derivative instruments at year end was:

	Consolidated		Company	
	2007	2006	2007	2006
Forward exchange contracts - hedge accounted	**8**	9	8	4
Forward exchange contracts - not hedge accounted	**(1)**	7	(1)	
Futures contracts - hedge accounted	**3**	10	3	(3)
Futures contracts - not hedge accounted		(9)		
	10	17	10	1
Summarised as:				
Derivative assets	**12**	33	12	6
Derivative liabilities	**(2)**	(16)	(2)	(5)
	10	17	10	1

Further details on derivative instruments are set out in note 25.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash on deposit and cash advanced, repayable on demand and excludes bank overdrafts.

11. SHARE CAPITAL (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Authorised:				
150 000 000 ordinary shares of R1,00 each	**150**	150	150	150
30 000 000 A preferred ordinary shares of R1,00 each	**30**		30	
6 000 000 B1 ordinary shares of R1,00 each	**6**		6	
10 500 000 B2 ordinary shares of R1,00 each	**11**		11	
3 200 000 B3 ordinary shares of R1,00 each	**3**		3	
10 redeemable preference shares of R1,00 each				
	200	150	200	150
Issued and fully paid:				
103 005 455 (2006 - 106 591 252) ordinary shares of R1,00 each	**103**	107	103	107
25 104 976 (2006 - nil) A preferred ordinary shares of R1,00 each	**25**		25	
5 422 829 (2006 - nil) B1 ordinary shares of R1,00 each	**6**		6	
3 296 657 (2006 - nil) B2 ordinary shares of R1,00 each	**3**		3	
1 021 422 (2006 - nil) B3 ordinary shares of R1,00 each	**1**		1	
	138	107	138	107

Under control of the directors:
- for the purposes of the employee share option schemes 8 824 919 shares (2006 - 7 717 315 shares).
- in terms of a shareholders' resolution 5 330 818 shares (2006 - 5 254 684 shares).

Details of the employee share incentive schemes are set out in notes 33 and 34.

11. **SHARE CAPITAL** continued

As a result of the unbundling of Hulamin, the options granted to employees in terms of the original employee share option schemes which had not been exercised at the unbundling date were converted into two components, a Tongaat Hulett Limited component and a Hulamin Limited component. The obligation to settle these share schemes is in accordance with the following principles, which are in accordance with the Unbundling Agreement and in terms of the scheme rules. Tongaat Hulett is obliged to settle all benefits under these share schemes for its own employees only, using Tongaat Hulett shares. It will settle the outstanding share scheme instruments that arise after the award adjustments for its own employees, by purchasing Tongaat Hulett shares in the market, or issuing Tongaat Hulett shares. The benefit for the Hulamin component will be determined with reference to the Hulamin share price, and the Tongaat Hulett component with respect to the Tongaat Hulett share price, however, benefits arising from the Hulamin component will be settled using Tongaat Hulett shares. At 31 December 2007 employees have an option to subscribe for 1 315 150 shares at an average price of R31,98 per share in respect of the Tongaat Hulett component and the equivalent of approximately 161 000 shares in respect of the Hulamin component (2006 - 2 941 810 shares at R41,23 per share in The Tongaat-Hulett Group Limited).

The original share option schemes were replaced in 2005 with a new share incentive scheme comprising the Share Appreciation Right Scheme 2005, the Long Term Incentive Plan 2005 and the Deferred Bonus Plan 2005.

The primary intention of these new schemes is to settle awards through acquiring shares in the market and delivering them to the employee and consequently no dilution of equity is expected.

12. **BEE HELD CONSOLIDATION SHARES** (Rmillion)

	Consolidated 2007	Consolidated 2006
25 104 976 (2006 - nil) A preferred ordinary shares of R1,00 each	**839**	
5 422 829 (2006 - nil) B1 ordinary shares of R1,00 each	**136**	
3 296 657 (2006 - nil) B2 ordinary shares of R1,00 each	**46**	
1 021 422 (2006 - nil) B3 ordinary shares of R1,00 each	**45**	
	1 066	-
Less amortisation of IFRS 2 charge on shares relating to the employee share ownership plans (notes 3 and 34)	**(13)**	
	1 053	-

13. **DEFERRED TAX** (Rmillion)

	Consolidated 2007	Consolidated 2006 Restated	Company 2007	Company 2006
Balance at beginning of year	**1 055**	936	472	357
Subsidiaries consolidated	**4**			
Hulamin unbundling	**(450)**	(16)		
Accounted for in equity	**1**	2		1
Current year income statement charge/(relief) on:				
Earnings before exceptional items	**68**	140	13	121
Exceptional items		6		6
Prior years' charge	**(5)**	(13)	2	(13)
Balance at end of year	**673**	1 055	487	472
Comprising temporary differences relative to :				
Property, plant and equipment	**395**	855	372	363
Growing crops	**47**	40	28	25
Export partnership	**203**	203	203	203
Current assets	**63**	36	2	2
Current liabilities	**(99)**	(115)	(98)	(93)
Tax losses	**(12)**	(16)	(11)	(16)
Other	**76**	52	(9)	(12)
	673	1 055	487	472

14. BORROWINGS (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Long-term	**410**	49	351	
Short-term and bank overdraft	**977**	1 174	918	1 039
	1 387	1 223	1 269	1 039

Long-term borrowings comprise:

	Effective interest rate (%)	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Secured:					
SA Rand					
Repayable 2008/2011	6,3	**28**			
Finance leases (refer to note 28)	12,5	**1**	3	1	
Foreign					
Repayable 2008/2012	14,9	**31**			
		60	3	1	
Unsecured:					
SA Rand					
Repayable 2014	3 months JIBAR + 1,35%	**350**		350	
Foreign					
Hulamin unbundling			81		
		350	81	350	
Long-term borrowings		**410**	84	351	
Less: Current portion included in short-term borrowings			35		
		410	49	351	

Plant and machinery in Mozambique subsidiaries with a book value of R248 million (2006 - R88 million) are encumbered as security for certain short-term borrowings of R111 million (2006 - R50 million) and secured finance lease obligations.

Short-term borrowings comprise call loans and bank overdrafts with various South African financial institutions at interest rates linked to the prime overdraft rate as well as short-term borrowings in Mozambique equivalent to R111 million (2006 - R50 million).

Summary of future loan repayments by financial year:

Year	2009	2010	2011	2012	2013	2014
Rmillion	18	18	18	6	0	350

In terms of the company's articles of association the borrowing powers of Tongaat Hulett are limited to R4,4 billion.

15. **NON-RECOURSE EQUITY-SETTLED BEE BORROWINGS** (Rmillion)

The non-recourse equity-settled BEE borrowings comprise:

	Effective interest rate (%)	Consolidated 2007	Consolidated 2006
4 122 000 Class A redeemable preference shares	8,486 nacs	**412**	
4 122 000 Class B redeemable preference shares	10,873 nacs	**413**	
Accrued dividends		**40**	
		865	-
Less: BEE cash resources		**53**	
		812	**-**

These borrowings relate to Tongaat Hulett's black economic empowerment partners, yoMoba SPV (Pty) Limited and Infrastructure SPV (Pty) Limited, which have been fully consolidated in terms of IFRS. yoMoba SPV (Pty) Limited owns 11 157 767 A preferred ordinary shares and Infrastructure SPV (Pty) Limited owns 13 947 209 A preferred ordinary shares in Tongaat Hulett.

The preference shares are redeemable by no later than 30 June 2014 and have a fixed coupon payable semi-annually on 2 January and 1 July each year. The total debt due will be settled by the SPV's utilising preferred ordinary dividends received from Tongaat Hulett and by the shares that they hold in Tongaat Hulett and will have no further impact on the cash flows of Tongaat Hulett. These SPV's will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

16. **PROVISIONS** (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Post-retirement medical aid obligations (note 31)	**209**	241	209	198
Retirement gratuity obligations (note 31)	**51**	55	51	48
Other	**1**	1	1	1
	261	297	261	247

17. **TRADE AND OTHER PAYABLES** (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Accounts payable	**1 331**	1 258	473	420
Maize obligation - interest bearing	**163**	130	163	130
	1 494	1 388	636	550

The directors consider that the carrying amount of trade and other payables approximates their fair value.

18. OPERATING PROFIT (Rmillion)

	Consolidated		Company	
	2007	2006 Restated	2007	2006
Revenue	**6 395**	5 110	4 762	4 194
Cost of sales	**(5 072)**	(3 992)	(4 063)	(3 481)
Administration expenses	**(589)**	(483)	(419)	(359)
Marketing and selling expenses	**(159)**	(108)	(122)	(95)
Other income	**263**	199	357	229
Profit from Tongaat Hulett operations	**838**	726	515	488
Capital profit from land (refer to note 19)	**48**	26	1	290
BEE IFRS 2 charge and transaction costs	**(383)**		(379)	
Exchange rate translation (loss)/gain	**(1)**	57		
Fair value adjustment of investment in Hulamin	**3 348**		3 348	
Operating profit after corporate transactions	**3 850**	809	3 485	778
Disclosable items included in operating profit:				
Dividends received from subsidiaries:				
Triangle Sugar	**53**	61	53	
Other subsidiaries			247	
Income from unlisted investments		3		
(Loss)/surplus on disposal of plant and equipment		1	(1)	
Amortisation of intangible assets		1		
Depreciation charged:				
Buildings	**9**	7	5	5
Plant and equipment	**182**	158	171	157
Vehicles and other	**31**	21	16	14
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	**4**	5		
Technical fees paid	**16**	12	16	12
Operating lease charges (property, plant and vehicles)	**11**	10	9	9
Share-based payments:				
IFRS 2 charge on share options, SARS, LTIP and DBP	**42**	20	39	20
BEE IFRS 2 charge	**333**		332	
Auditors' remuneration:				
Fees	**5**	5	3	3
Other services	**1**	1	1	
Net (losses)/gains on:				
Loans and receivables designated at fair value through profit or loss	**(6)**	(4)		
Fair value hedges, losses on the hedging instrument	**(17)**	(103)	(17)	(103)
Fair value hedges, gains on the hedged item	**17**	103	17	103
Valuation adjustments on financial instruments and other items:				
Foreign currency gains/(losses):				
Translation of foreign cash holdings	**(1)**	57		
Other	**32**	(3)		
Other financial instruments	**2**	1		

19. **CAPITAL PROFIT FROM LAND** (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Comprises:				
Surplus on sale of property	**48**	27	1	291
Estate closure costs		(1)		(1)
Capital profit before tax	**48**	26	1	290
Tax (refer note 21)		(6)		(6)
Capital profit after tax	**48**	20	1	284

20. **NET FINANCING (COSTS)/INCOME** (Rmillion)

	Consolidated		Company	
	2007	2006 Restated	2007	2006
Net financing costs comprise:				
Interest paid - external	**(208)**	(38)	(139)	(67)
Interest capitalised	**15**			
Interest paid - subsidiaries			(12)	(6)
Financing costs	**(193)**	(38)	(151)	(73)
Financial instrument income		104		104
Interest received - external	**74**	22	49	4
Finance income	**74**	126	49	108
Net financing (costs)/income	**(119)**	88	(102)	35

21. **TAX** (Rmillion)

	Consolidated		Company	
	2007	2006 Restated	2007	2006
Earnings before exceptional items:				
Current	**96**	44		
Deferred	**68**	140	13	121
Secondary tax on companies	**127**	63	127	63
Prior years	**(3)**	(15)	2	(13)
	288	232	142	171
Exceptional items:				
Deferred		6		6
Tax for the year	**288**	238	142	177
Foreign tax included above	**12**	9		

21. TAX (Rmillion) continued

	Consolidated 2007	Consolidated 2006 Restated	Company 2007	Company 2006
Tax charge at normal rate of South African tax	**1 082**	259	981	236
Adjusted for:				
Non-taxable income	**(65)**	(90)	(100)	(123)
Fair value adjustment of investment in Hulamin	**(971)**		(971)	
Assessed losses of foreign subsidiaries	**(2)**	4		
Share of associate company's loss		1		
Non-allowable expenditure	**115**	7	102	4
Secondary tax on companies	**127**	63	127	63
Capital gains	**5**	10	1	10
Prior years	**(3)**	(16)	2	(13)
Tax charge	**288**	238	142	177
Normal rate of South African tax	**29,0%**	29,0%	29,0%	29,0%
Adjusted for:				
Non-taxable income	**(1,7)**	(9,9)	(2,9)	(15,1)
Fair value adjustment of investment in Hulamin	**(26,0)**		(28,7)	
Assessed losses of foreign subsidiaries	**(0,1)**	0,5		
Non-allowable expenditure	**3,1**	0,6	3,0	0,5
Secondary tax on companies	**3,4**	7,1	3,7	7,8
Capital gains	**0,1**	1,1		1,2
Prior years	**(0,1)**	(1,8)	0,1	(1,6)
Effective rate of tax	**7,7%**	26,6%	4,2%	21,8%

Normal tax losses of R37 million (2006 - R54 million) have been utilised to reduce deferred tax. No deferred tax asset has been raised in respect of the tax losses of foreign subsidiaries that may not be utilised in the short term or may expire in terms of applicable tax legislation.

22. HEADLINE EARNINGS (Rmillion)

	Consolidated 2007	Consolidated 2006
Profit attributable to shareholders	**3 457**	723
Less after tax effect of surplus on sale of property	**(48)**	(20)
Capital profit on sale of property	**(48)**	(26)
Tax		6
Reversal of fair value adjustment of Hulamin	**(3 348)**	
Headline earnings	**61**	703
Headline earnings per share (cents)		
Basic	**58,1**	666,4
Diluted	**56,8**	649,4

23. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of relevant ordinary shares and qualifying preferred ordinary shares in issue during the year. In the case of basic earnings per share the weighted average number of shares in issue during the year is 104 986 732 (2006 - 105 496 879). In respect of diluted earnings per share the weighted average number of shares is 107 336 780 (2006 - 108 260 821).

24. DIVIDENDS (Rmillion)

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Paid:				
Ordinary share capital				
Final for previous year, paid 22 March 2007 - 350 cents (2006 - 280 cents)	**373**	212	373	212
Interim for current year, paid 30 August 2007 - 150 cents (2006 - 200 cents)	**155**	294	155	294
B ordinary share capital				
Interim for current year, paid 30 August 2007 - 150 cents (2006 - nil)	**15**		15	
A preferred ordinary share capital				
Final for current year, paid 31 December 2007 - 203 cents (2006 - nil)	**51**		51	
	594	506	594	506
Less dividends relating to BEE treasury shares	**(63)**		(12)	
	531	506	582	506

The final ordinary dividend for the year ended 31 December 2007 of 160 cents per share declared on 21 February 2008 and payable on 27 March 2008 has not been accrued.

25. **FINANCIAL RISK MANAGEMENT** (Rmillion)

Financial instruments consist primarily of cash deposits with banks, unlisted investments, derivatives, accounts receivable and payable, and loans to and from associates and others. Financial instruments, with the exception of investments in Zimbabwean entities, are carried at fair value or amounts that approximate fair value.

Categories of financial instruments	Consolidated		Company	
	2007	2006	2007	2006
Financial assets				
At fair value through profit or loss - held for trading (Hulamin)		7		
Derivative instruments in designated hedge accounting relationships	**12**	26	12	6
Unlisted shares at cost	**267**	320	265	2
Loans and receivables at amortised cost	**2 404**	2 591	1 039	781
	2 683	2 944	1 316	789
Financial liabilities				
At fair value through profit or loss - held for trading (Hulamin		9		
Derivative instruments in designated hedge accounting relationships	**2**	7	2	5
Financial liabilities at amortised cost	**2 867**	2 593	1 857	1 544
Non-recourse equity-settled BEE borrowings	**812**			
	3 681	2 609	1 859	1 549
Loans and receivables designated as at fair value through profit or loss				
Carrying amount of these loans	**887**	485		
Cumulative changes in fair value attributable to changes in credit risk	**(12)**	(6)		
Changes in fair value attributable to changes in credit risk recognised in period	**6**	4		
Financial liabilities designated as at fair value through profit or loss				
Financial liabilities at fair value	**10**	9		
Amount payable at maturity	**11**	11		
Difference between carrying amount and maturity amount	**1**	2		

Risk management is recognised as being dynamic, evolving and integrated into the core of running the business. The approach to risk management in Tongaat Hulett includes being able to identify and describe/analyse risks at all levels throughout the organisation, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored at a Tongaat Hulett risk committee level. Risks and mitigating actions are given relevant visibility at various appropriate forums throughout the organisation.

In the normal course of its operations, Tongaat Hulett is inter alia exposed to capital, credit, foreign currency, interest, liquidity and commodity price risks. In order to manage these risks, Tongaat Hulett may enter into transactions, which make use of derivatives. They include forward exchange contracts (FEC's) and options, interest rate swaps and commodity futures and options. Separate committees are used to manage risks and hedging activities. Tongaat Hulett does not speculate in or engage in the trading of derivative instruments. Since derivative instruments are utilised for risk management, market risk relating to derivative instruments will be offset by changes in the valuation of the underlying assets, liabilities or transactions being hedged. The overall risk strategy remains unchanged from 2006.

Capital risk management

Tongaat Hulett's overall strategy around capital structure remains unchanged from 2006. Tongaat Hulett manages its capital to ensure that its operations are able to continue as a going concern while maximising the return to stakeholders through an appropriate debt and equity balance. The capital structure of Tongaat Hulett consists of debt, which includes borrowings, cash and cash equivalents and equity. It was reviewed in detail by the board in the corporate restructure process in 2007.

Credit risk

Financial instruments do not represent a concentration of credit risk. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are a variety of major banks with high credit ratings assigned by international credit-rating agencies. Accounts receivable and loans are spread among a number of major industries, customers and geographic areas. In addition, appropriate credit committees review significant credit transactions before consummation. Where considered appropriate, use is made of credit guarantee insurance. A suitable provision is made for doubtful debts. Financial guarantee contracts are accounted for as insurance arrangements.

25. **FINANCIAL RISK MANAGEMENT** (Rmillion) continued

Past due trade receivables

Included in trade receivables are debtors which are past the original expected collection date (past due) at the reporting date, mainly due to delays in the property transfer process and no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. A summarised age analysis of past due debtors is set out below.

	Consolidated		Company	
	2007	2006	2007	2006
Less than 1 month	**74**	113	16	21
Between 1 to 2 months	**12**	91	11	6
Between 2 to 3 months	**24**	12	2	2
Greater than 3 months	**115**	112	2	2
Total past due	**225**	328	31	31
Provision for doubtful debts				
Set out below is a summary of the movement in the provision for doubtful debts for the year:				
Balance at beginning of year	**11**	13	6	7
Amounts written off during the year	**(4)**	(2)	(4)	
Increase/(decrease) in allowance recognised in profit or loss	**1**		1	(1)
Balance at end of year	**8**	11	3	6

Foreign currency risk

In the normal course of business, Tongaat Hulett enters into transactions denominated in foreign currencies. As a result, Tongaat Hulett is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. A variety of instruments is used to minimise foreign currency exchange rate risk in terms of Tongaat Hulett's risk management policy. In principle it is the policy to cover foreign currency exposure in respect of liabilities and purchase commitments and an appropriate portion of foreign currency exposure on receivables. There were no speculative positions in foreign currencies at year end. All foreign exchange contracts are supported by underlying transactions. Tongaat Hulett is not reliant on imported raw materials to any significant extent.

Forward exchange contracts that constitute designated hedges of currency risk at year end are summarised as follows:

	Consolidated				Company			
	Average contract rate	Commitment (Rmillion)	**2007 Fair value of FEC (Rmillion)**	2006 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	2007 Fair value of FEC (Rmillion)	2006 Fair value of FEC (Rmillion)
Imports								
US dollars	6,95	14		(2)	6,95	14		
Euro	9,71	2			9,71	2		
		16		(2)		16		
Exports								
US dollars	7,30	145	**8**	10	7,30	145	8	4
Euro				1				
		145	**8**	11		145	8	4
Net total		161	**8**	9		161	8	4

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

The fair value is the estimated amount that would be paid or received to terminate the forward exchange contracts in arm's length transactions at the balance sheet date.

25. **FINANCIAL RISK MANAGEMENT** (Rmillion) continued

Forward exchange contracts that do not constitute designated hedges of currency risk at year end are summarised as follows:

	Consolidated				Company			
	Average contract rate	Commitment (Rmillion)	**2007 Fair value of FEC (Rmillion)**	2006 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	2007 Fair value of FEC (Rmillion)	2006 Fair value of FEC (Rmillion)
Imports								
US dollars	7,21	33	**(1)**		7,17	28	(1)	
Euro	10,25	4			10,25	4		
		37	**(1)**			32	(1)	
Exports								
US dollars				6				
Loan capital payments and interest				1				
US dollars								
Net total		37	**(1)**	7		32	(1)	

Although not designated as a hedge for accounting purposes, these forward exchange contracts represent cover of existing foreign currency exposure.

Tongaat Hulett has the following uncovered foreign receivables:

	Consolidated			Company		
	Foreign Amount (million)	**2007 (Rmillion)**	2006 (Rmillion)	Foreign Amount (million)	2007 (Rmillion)	2006 (Rmillion)
US dollars	4	**30**	45	4	30	9
UK pounds			6			
Euro			5			
		30	56		30	9

The impact of a 10% strengthening or weakening of the Rand on the uncovered US dollar receivable will have a R4 million impact on profit or loss and a R3 million impact on equity.

Commodity price risk

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

Tongaat Hulett Sugar secures the premium on refined sugar exports from fluctuating international prices by using commodity futures.

Tongaat Hulett Starch has secured its maize requirements for the current maize season to 31 May 2008 and a significant portion of its requirements for the year ending 31 May 2009 by means of unpriced procurement contracts and futures.

At the year end the commodity futures contracts were:

	Consolidated				Company			
	Tons	Contract value (Rmillion)	**2007 Fair value (Rmillion)**	2006 Fair value (Rmillion)	Tons	Contract value (Rmillion)	2007 Fair value (Rmillion)	2006 Fair value (Rmillion)
Futures - hedge accounted:								
Raw sugar futures purchased	26 626	42	**(3)**	1	26 626	42	(3)	1
Raw sugar futures sold	29 949	60	**1**	1	29 949	60	1	1
Maize futures sold	85 800	137	**5**	(1)	85 800	137	5	(1)
Maize futures purchased				(4)				(4)
Aluminium futures purchased				13				
			3	10			3	(3)
Futures - not hedge accounted:								
Aluminium futures sold				(9)				
Period when cash flow expected to occur			**2008**	2007			2008	2007
When expected to effect profit			**2008**	2007			2008	2007
Amount recognised in equity during the period			**6**	5			6	5
Amount transferred from equity and recognised in profit or loss			**(3)**	(1)			(3)	(1)

25. **FINANCIAL RISK MANAGEMENT** (Rmillion) continued

Interest rate risk

Tongaat Hulett is exposed to interest rate risk on its fixed rate loan liabilities and accounts receivable and payable, which can impact on the fair value of these instruments. Tongaat Hulett is also exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the cash management system which enables Tongaat Hulett to maximise returns while minimising risks. The impact of a 50 basis point move in interest rates will have a R8 million effect on profit or loss and a R5 million impact on equity.

Liquidity risk

Tongaat Hulett manages its liquidity risk by monitoring forecast cash flows on a weekly basis. There are unutilised committed banking facilities of R2,2 billion (2006 - R1,0 billion).

Borrowings inclusive of interest projected at current interest rates:

2007 Consolidated	Weighted average effective interest rate	Due within 1 year	1 to 2 years	2 to 5 years	After 5 years	Interest adjustment	Total
Bank loans	12,2	943	59	158	438	(361)	1 237
Foreign loans	18,0	114	10	31		(26)	129
Other borrowings	12,1	178				(8)	170
Financial lease liability	12,5		1	1		(1)	1
Other non-interest bearing liabilities		1 330					1 330
Net settled derivatives		2					2
Total for Tongaat Hulett		2 567	70	190	438	(396)	2 869
Non-recourse equity-settled BEE borrowings		65	102	304	616	(275)	812
Total including SPV debt		2 632	172	494	1 054	(671)	3 681

2006 Consolidated	Weighted average effective interest rate	Due within 1 year	1 to 2 years	2 to 5 years	After 5 years	Interest adjustment	Total
Bank loans	9,5	1 154				(107)	1 047
Foreign loans	Libor +0,6	96	39	17		(21)	131
Other borrowings	9,5	188				(16)	172
Financial lease liability	11,3	1	1	2		(1)	3
Other non-interest bearing liabilities		1 238					1 238
Net settled derivatives		16					16
Total		2 693	40	19		(145)	2 607

26. **PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES** (Rmillion)

	Interest of Holding Company			
	Shares		Indebtedness	
	2007	2006	2007	2006
Tongaat Hulett Starch (Pty) Limited	**15**	15	(2)	(15)
# Hulett Aluminium (Pty) Limited (50%)		297		840
Hulett Hydro Extrusions (Pty) Limited (35%)				
Tongaat Hulett Developments (Pty) Limited			(248)	(16)
Tongaat Hulett Estates (Pty) Limited				
Tongaat Hulett Sugar Limited	**487**	487	897	215
Tambankulu Estates Limited (Swaziland)				
Acucareira de Mocambique, SARL (Mozambique) (75%)				
Acucareira de Xinavane, SARL (Mozambique) (88%)				
+ Triangle Sugar Corporation Limited (Zimbabwe)				
+ Hippo Valley Estates Limited (Zimbabwe) (50,35%)				
The Tongaat Group Limited	**54**	54	(65)	(43)
	556	853	582	981

Joint venture, unbundled during the year
+ Not consolidated

Except where otherwise indicated, effective participation is 100 percent.
A full list of all subsidiaries and joint ventures is available from the company secretary on request.

27. **GUARANTEES AND CONTINGENT LIABILITIES** (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Guarantees in respect of obligations of Tongaat Hulett and third parties	**9**	57	21	21
Contingent liabilities	**26**	22	24	4
	35	79	45	25

28. **LEASES** (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**1**	1	1	
Later than one year and not later than five years	**1**	2	1	
Later than five years		1		
	2	4	2	
Less: future finance charges	**(1)**	(1)	(1)	
Present value of lease obligations	**1**	3	1	
Payable:				
Not later than one year		1		
Later than one year and not later than five years	**1**	2	1	
	1	3	1	
Operating lease commitments, amounts due:				
Not later than one year	**9**	13	8	8
Later than one year and not later than five years	**14**	29	8	18
Later than five years		3		
	23	45	16	26
In respect of:				
Property	**12**	28	5	16
Plant and machinery	**8**	11	8	5
Other	**3**	6	3	5
	23	45	16	26

29. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Consolidated		Company	
	2007	2006	2007	2006
Contracted	**539**	169	44	77
Approved but not contracted	**796**	640	239	125
	1 335	809	283	202

Funds to meet future capital expenditure will be provided from retained net cash flows and debt financing.

30. RELATED PARTY TRANSACTIONS (Rmillion)

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

	Consolidated		Company	
	2007	2006	2007	2006
Goods and services:				
Transacted between operating entities within the company			5	
Between the company and its subsidiaries			11	
Transacted between subsidiaries within Tongaat Hulett	**93**	10		
Transacted with/between joint ventures within Tongaat Hulett		38		3
Transacted with associate companies		79		
Sales to external related parties	**141**	108	141	108
Paid to the Tongaat-Hulett Pension Fund	**26**	31	24	23
Transacted with directors of the company		7		
Administration fees and other income:				
Transacted between operating entities within the company			5	2
Between the company and its subsidiaries			32	34
Transacted between subsidiaries within Tongaat Hulett	**42**	22		
Transacted with/between joint ventures within Tongaat Hulett	**57**	305		2
Transacted with associate companies		20		
Paid to external related parties	**3**	4		
Interest paid:				
Transacted between operating entities within the company			27	23
Between the company and its subsidiaries			4	2
Transacted with/between joint ventures within Tongaat Hulett	**6**	11		
Interest received:				
Transacted between operating entities within the company			189	112
Between the company and its subsidiaries			18	
Transacted between subsidiaries within Tongaat Hulett	**26**	22		
Transacted with/between joint ventures within Tongaat Hulett	**3**	12		43
Transacted with associate companies		1		
Sales of fixed assets:				
Between the company and its subsidiaries				314
Transacted between subsidiaries within Tongaat Hulett		9		
Loan balances:				
Transacted between operating entities within the company			2 340	1 296
Between the company and its subsidiaries			582	141
Transacted with/between joint ventures within Tongaat Hulett		329		840
With the holding company		12		
External related parties	**12**	8	12	8
Dividends received:				
Between the company and its subsidiaries			300	
Transacted between subsidiaries within Tongaat Hulett	**64**	61		

Other related party information:
- Export partnership - refer to note 3
- Total dividends paid - refer to note 24
- Directors - refer to note 32
- Tongaat Hulett Developments is a guarantor on Tongaat Hulett Limited's South African long-term unsecured loan facility

31. **RETIREMENT BENEFITS**

Pension and Provident Fund Schemes

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

Defined Contribution Pension and Provident Schemes

There are three defined contribution schemes, one of which is located in Swaziland. The latest audited financial statements of these schemes all reflect a satisfactory state of affairs. Contributions of R18 million were expensed during the year (2006 - R16 million).

Defined Benefit Pension Scheme

There is one defined benefit scheme, The Tongaat-Hulett Pension Fund (the Fund), for employees including those of the Hulett Aluminium Joint Venture. The Fund is actuarially valued at intervals of not more than three years using the projected unit credit method. In the statutory actuarial valuation of the scheme as at 31 December 2001 the Fund was certified by the reporting actuary to be in a sound financial position. With effect from 7 December 2001 the Pension Funds Second Amendment Act was promulgated. This Act required the Fund to submit a plan for the apportionment on a fair basis to the employer and past and current members of the Fund of the actuarial surplus as at 31 December 2001. The 2001 apportionment plan was approved by the Financial Services Board in May 2007. The manner in which the Fund proceeds following the unbundling of Hulamin from Tongaat Hulett and the split between the employers participating in the Fund of the share of the actuarial surplus attributed to the employer surplus account has yet to be finalised. Accordingly, due to the uncertainty regarding the apportionment, no surplus has been recognised on the balance sheet.

An actuarial valuation of liabilities, based on the existing benefits, carried out as at 31 December 2007 in accordance with IAS 19 showed the present value of obligations to be adequately covered by the fair value of the scheme assets.

	2007 Rmillion	2006 Rmillion
Details of the valuation of the Fund (100%) are as follows:		
Fair value of plan assets		
Balance at beginning of year	**5 945**	4 554
Expected return on scheme assets	**460**	348
Employer contributions	**45**	39
Members' contributions	**36**	31
Benefits paid	**(457)**	(181)
Net member transfers	**(15)**	(9)
Actuarial gain	**530**	1 163
Balance at end of year	**6 544**	5 945
Present value of defined benefit obligation		
Balance at beginning of year	**4 202**	3 465
Current service cost	**97**	81
Interest cost	**322**	265
Members' contributions	**36**	31
Benefits paid	**(457)**	(181)
Net member transfers	**(15)**	(9)
Actuarial loss	**259**	550
Balance at end of year	**4 444**	4 202
Fund assets less member liabilities, before reserves	**2 100**	1 743

31. **RETIREMENT BENEFITS** continued

Defined Benefit Pension Scheme continued	**2007 Rmillion**	2006 Rmillion
Asset information:		
Equities	**3 896**	4 624
Fixed interest bonds	**647**	804
Property	**151**	8
Cash	**1 850**	509
	6 544	5 945
Included in the assets of the scheme are ordinary shares held in Tongaat Hulett Limited, stated at fair value	**136**	212
Actual return on scheme assets	**990**	1 511
The principal actuarial assumptions are:		
Discount rate	**8,25%**	8,00%
Salary cost and pension increase	**5,25%**	4,75%
Expected rate of return on assets	**8,00%**	8,00%
Experience gains and (losses) on:		
Plan liabilities	**(137)**	(429)
Percentage of the present value of the plan liabilities	**3,1%**	10,2%
Plan assets	**530**	1 163
Percentage of plan assets	**8,1%**	19,6%
Estimated contributions payable in the next financial year	**48**	43

Basis used to determine the rate of return on assets

The expected rate of return on assets has been set equal to the discount rate used to value the liabilities of the Fund on the projected unit credit method. This is a reasonably conservative approach, adopted on the basis that the additional returns anticipated on certain other asset classes in which the Fund is invested (e.g. equities) can only be achieved with increased risk.

Post-Retirement Medical Aid Benefits

The obligation to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employee remaining in service until retirement and completing a minimum service period of ten years. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:

	Consolidated		Company	
	2007 (Rmillion)	2006 (Rmillion)	2007 (Rmillion)	2006 (Rmillion)
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**246**	277	246	230
Unrecognised actuarial losses	**(37)**	(36)	(37)	(32)
Net liability in balance sheet	**209**	241	209	198
The liability is reconciled as follows:				
Net liability at beginning of year	**241**	230	198	190
Hulamin unbundling	**(43)**			
Net expense recognised in income statement	**26**	27	26	22
Contributions	**(15)**	(16)	(15)	(14)
Net liability at end of year	**209**	241	209	198
Amounts recognised in the income statement:				
Service costs	**3**	3	3	2
Interest costs	**18**	19	18	16
Net actuarial losses recognised	**5**	5	5	4
	26	27	26	22
The principal actuarial assumptions applied are:				
Discount rate	**8,25%**	8,00%	8,25%	8,00%
Health care cost inflation rate	**5,75%**	5,25%	5,75%	5,25%

31. **RETIREMENT BENEFITS** continued

Post-Retirement Medical Aid Benefits continued

	Consolidated 2007	Consolidated 2006	Company 2007	Company 2006
Sensitivity of healthcare cost trend rates				
1% increase in trend rate - effect on the aggregate of the service and interest costs	**3**	4	3	3
1% increase in trend rate - effect on the obligation	**29**	34	29	27
1% decrease in trend rate - effect on the aggregate of the service and interest costs	**2**	4	2	3
1% decrease in trend rate - effect on the obligation	**24**	29	24	23
Estimated contributions payable in the next financial year	**16**	17	16	15
Experience losses:				
On plan liabilities	**11**	22	11	18
Percentage of the present value of the plan liabilities	**4,47%**	7,94%	4,47%	7,83%

Retirement Gratuities

Tongaat Hulett has in the past made payments, on retirement, to eligible employees who have remained in service until retirement, and have completed a minimum service period of ten years. The unfunded liability for retirement gratuities which is determined actuarially each year comprises:

	Consolidated 2007 (Rmillion)	Consolidated 2006 (Rmillion)	Company 2007 (Rmillion)	Company 2006 (Rmillion)
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**56**	59	56	51
Unrecognised actuarial losses	**(5)**	(4)	(5)	(3)
Net liability in balance sheet	**51**	55	51	48
The liability is reconciled as follows:				
Net liability at beginning of year	**55**	52	48	46
Hulamin unbundling	**(7)**			
Net expense recognised in income statement	**8**	7	8	6
Payments made	**(5)**	(4)	(5)	(4)
Net liability at end of year	**51**	55	51	48
Amounts recognised in the income statement:				
Service costs	**3**	3	3	2
Interest costs	**4**	4	4	4
Net actuarial losses recognised	**1**		1	
	8	7	8	6
The principal actuarial assumptions applied are:				
Discount rate	**8,25%**	8,00%	8,25%	8,00%
Salary inflation rate	**5,75%**	5,25%	5,75%	5,25%
Estimated contributions payable in the next financial year	**5**	5	5	5
Experience losses:				
On plan liabilities	**3**	7	3	6
Percentage of the present value of the plan liabilities	**5,36%**	11,86%	5,36%	11,76%

32. DIRECTORS' EMOLUMENTS AND INTERESTS

Directors' remuneration (R000)

The directors' remuneration for the year ended 31 December 2007 was as follows:

Name	Cash Package	Bonus	Retirement and medical contributions	Total
Executive directors:				
B G Dunlop	2 341	808	282	3 431
A Fourie (to 29 June 2007)	1 113		126	1 239
G R Hibbert (to 29 June 2007)	955		111	1 066
G P N Kruger (to 29 June 2007)	1 070		136	1 206
M H Munro	2 036	987	242	3 265
S J Saunders (to 29 June 2007)	1 070		126	1 196
M Serfontein (to 29 June 2007)	862		102	964
P H Staude	4 053	2 553	434	7 040
	13 500	4 348	1 559	19 407

Bonuses are reported to match the amount payable to the applicable financial year.

The directors' remuneration for the year ended 31 December 2006 was as follows:

Name	Cash Package	Bonus	Retirement and medical contributions	Total
Executive directors:				
B G Dunlop	2 168	1 010	256	3 434
A Fourie	2 043	882	234	3 159
G R Hibbert	1 752	824	203	2 779
G P N Kruger	2 009	629	252	2 890
M H Munro	1 810	869	216	2 895
S J Saunders	2 010	907	235	3 152
M Serfontein	1 618	746	190	2 554
P H Staude	3 718	1 785	397	5 900
	17 128	7 652	1 983	26 763

Bonuses are reported to match the amount payable to the applicable financial year.

Share incentive gains

Following the approval by shareholders of the split of the Tongaat-Hulett Group into two separate listed entities, Tongaat Hulett and Hulamin and with the circular to shareholders relating to the corporate transactions including detail on the approach to the share incentive schemes, certain share incentive scheme transactions, prior to the corporate restructuring, were concluded. These transactions are included in the share incentive gains set out below and were settled by the delivery of shares, some of which were sold, inter alia to meet tax payments, with the remainder being held in shares in Tongaat Hulett.

	2007	2006
Executive directors:		
B G Dunlop	**5 641**	7 506
A Fourie (to 29 June 2007)	**5 425**	2 408
G R Hibbert (to 29 June 2007)	**7 577**	2 957
G P N Kruger (to 29 June 2007)	**9 264**	4 380
M H Munro	**8 212**	820
S J Saunders (to 29 June 2007)	**3 276**	
M Serfontein (to 29 June 2007)	**8 487**	2 486
P H Staude	**17 861**	6 257
	65 743	26 814

32. **DIRECTORS' EMOLUMENTS AND INTERESTS** continued

Tongaat-Hulett Group Limited incentive bonus on Hulamin unbundling and introduction of BEE

In June 2006 the Tongaat-Hulett Group board introduced an incentive plan whereby the executive directors and the chief executive officer could earn a maximum potential payment ranging from 30% to 55% of cash package for the successful implementation of the Hulamin unbundling and the introduction of BEE equity participation in both Tongaat Hulett and Hulamin. Following the successful implementation of these transactions, the board approved the payment of the bonus, as set out below.

	2007	2006
Executive directors:		
B G Dunlop	**650**	
A Fourie (to 29 June 2007)	**1 021**	
G R Hibbert (to 29 June 2007)	**526**	
G P N Kruger (to 29 June 2007)	**603**	
M H Munro	**905**	
S J Saunders (to 29 June 2007)	**603**	
M Serfontein (to 29 June 2007)	**486**	
P H Staude	**2 045**	
	6 839	-

Non-executive directors' emoluments

Name	**2007 Fees**	**2007 Other**	**2007 Total**	2006 Fees	2006 Other	2006 Total
Non-executive directors:						
D D Barber (to 29 June 2007)	**75**		**75**	135		135
P M Baum	**150**	**60**	**210**	135	125	260
I Botha (to 9 October 2007)	**116**	**58**	**174**	135	142	277
L Boyd (to 25 April 2007)	**50**	**40**	**90**	135	178	313
E le R Bradley	**150**	**210**	**360**	135	233	368
B E Davison (to 29 June 2007)	**75**		**75**	135		135
J John (from 29 June 2007)	**75**	**38**	**113**			
M W King (to 25 April 2007)	**50**	**25**	**75**	135	142	277
J B Magwaza	**150**	**80**	**230**	135	140	275
M Mia	**150**	**195**	**345**	135	123	258
T H Nyasulu	**150**		**150**	135	32	167
C M L Savage	**535**	**100**	**635**	500	267	767
C B Sibisi (from 29 June 2007)	**75**		**75**			
R H J Stevens	**150**	**80**	**230**	135	110	245
A M Thompson (to 29 June 2007)	**75**		**75**	135	72	207
J G Williams (from 10 October 2007)	**34**		**34**			
	2 060	**886**	**2 946**	2 120	1 564	3 684

Declaration of full disclosure

Other than that disclosed above, no consideration was paid to, or by any third party, or by the company itself, in respect of services of the company's directors, as directors of the company, during the year ended 31 December 2007.

Interest of directors of the company in share capital

The aggregate holdings as at 31 December 2007 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are beneficial except where indicated otherwise. The comparative figures have been adjusted for the shareholding of those directors who retired during the year and for those directors who came off the board following the corporate restructuring and the unbundling of Hulamin.

Name	**2007 Direct shares**	**2007 Indirect shares**	2006 Direct shares	2006 Indirect shares
Executive directors:				
B G Dunlop	**14 654**		7 394	
M H Munro	**12 171**		6 263	
P H Staude	**55 868**		40 085	
Other directors at 31 December 2006 *			46 299	1 257 008
	82 693		100 041	1 257 008
Non-executive directors:				
E le R Bradley		**94 847**		99 316
E le R Bradley (non-beneficial)		**24 647**		25 809
J B Magwaza	**5 501**		5 760	
C M L Savage	**22 923**	**69 930**	24 003	73 225
R H J Stevens	**590**		618	
Other directors at 31 December 2006			500	
	29 014	**189 424**	30 881	198 350

* These are directors who came off the Board following the corporate restructuring transactions in 2007 and the change in the composition of the Board with effect from 29 June 2007.

33. EMPLOYEE SHARE INCENTIVE SCHEMES

The adoption of IFRS 2 Share-based Payment (IFRS 2) in 2005 required that all awards made after 7 November 2002 be accounted for in the financial statements of the company. IFRS 2 has therefore been applied to The Tongaat-Hulett Group Limited 2001 Share Option Scheme in respect of the awards made on 14 April 2003, 1 October 2003 and 21 April 2004 and to the new share incentive scheme comprising the Share Appreciation Right Scheme 2005 (SARS), the Long Term Incentive Plan 2005 (LTIP) and the Deferred Bonus Plan 2005 (DBP).

Details of awards in terms of the company's share incentive schemes are as follows:

As a result of the unbundling of Hulamin, participants in these share schemes who had not exercised their rights at the unbundling date converted their existing Tongaat-Hulett Group Limited instruments into two components, a Tongaat Hulett Limited component and a Hulamin Limited component. The obligation to settle these share schemes is in accordance with the following principles, which are in accordance with the Unbundling Agreement. Tongaat Hulett is obliged to settle all benefits under these share schemes for its own employees only, using Tongaat Hulett shares. It will settle the outstanding share scheme instruments that arise after the award adjustments for its own employees, by purchasing Tongaat Hulett shares in the market, or issuing Tongaat Hulett shares. The benefit for the Hulamin component will be determined with reference to the Hulamin share price, and the Tongaat Hulett component with respect to the Tongaat Hulett share price, however, benefits arising from the Hulamin component will be settled using Tongaat Hulett shares.

The Tongaat-Hulett Employees Share Incentive Scheme and The Tongaat-Hulett Group Limited 2001 Share Option Scheme (the Original Share Option Schemes)

Under the original share option schemes, participating employees were awarded share options in the company. On vesting, the employee is entitled to purchase shares in the company and immediately sell the shares at the market price, thereby benefiting from the appreciation in the share price.

The original strike price of each Tongaat-Hulett Group Limited option was apportioned between the Tongaat Hulett and Hulamin components with reference to the volume weighted average prices of both companies for the first 22 trading days after the unbundling. The VWAP was R93,89 and R29,04 respectively, with the expiry date being the same as that of the original options.

Expiring ten years from	Original option price (Rand)	Number of THG options at 31 Dec 2006	THG options exercised to 30 June 2007	THG options forfeited to 30 June 2007	Unbundling of Hulamin	Number of THG options at 30 June 2007	Refer to the next page for the continuation of this table after the unbundling of Hulamin
4 November 1998	33,25	22 000	8 000		4 000	10 000	
5 March 1999	32,90	244 000	84 900		19 000	140 100	
7 May 1999	40,10	168 860	65 220		11 600	92 040	
19 May 2000	30,00	33 800	15 800		900	17 100	
26 July 2000	29,40	1 500	1 500				
12 January 2001	39,85	36 700	16 400			20 300	
16 May 2001	40,00	307 900	135 800		35 400	136 700	
15 August 2001	42,00	3 500				3 500	
13 May 2002	49,60	491 350	213 700	900	71 800	204 950	
14 April 2003	31,90	654 500	388 000	1 600	59 500	205 400	
1 October 2003	34,50	34 500			4 500	30 000	
21 April 2004	47,00	943 200	268 600	11 500	151 900	511 200	
		2 941 810	1 197 920	14 000	358 600	1 371 290	

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

The option price and number of unexercised options after the unbundling of Hulamin at the end of 30 June 2007 were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin) as follows:

Expiring ten years from	Option price (Rand) Apportioned Tongaat Hulett	Hulamin	Number following unbundling Tongaat Hulett	Hulamin	Options exercised 1 July to 31 Dec 2007 Tongaat Hulett	Hulamin	Options forfeited 1 July to 31 Dec 2007 Tongaat Hulett	Hulamin	Number of options at 31 December 2007 Tongaat Hulett	Hulamin	Options time constrained at 31 December 2007 Tongaat Hulett	Hulamin
4 November 1998	25,40	7,85	10 000	10 000	2 000	2 000			8 000	8 000		
5 March 1999	25,13	7,77	140 100	140 100	11 800	10 800			128 300	129 300		
7 May 1999	30,63	9,47	92 040	92 040	2 240	2 240			89 800	89 800		
19 May 2000	22,91	7,09	17 100	17 100					17 100	17 100		
12 January 2001	30,44	9,41	20 300	20 300					20 300	20 300		
16 May 2001	30,55	9,45	136 700	136 700	2 700				134 000	136 700		
15 August 2001	32,08	9,92	3 500	3 500					3 500	3 500		
13 May 2002	37,88	11,72	204 950	204 950	7 750	4 250			197 200	200 700		
14 April 2003	24,37	7,53	205 400	205 400	10 150	8 550			195 250	196 850		
1 October 2003	26,35	8,15	30 000	30 000					30 000	30 000		
21 April 2004	35,90	11,10	511 200	511 200	18 400	7 600	1 100	1 100	491 700	502 500	255 810	255 810
			1 371 290	1 371 290	55 040	35 440	1 100	1 100	1 315 150	1 334 750	255 810	255 810

The weighted average fair value costing of the combined Tongaat Hulett and Hulamin components of the outstanding share options granted in 2003 and 2004, determined using the binomial tree valuation model, was R11,14 per share and R16,08 per share respectively (2006 - R11,12 and R15,28). No awards were made in 2007 (2006 - nil) under the original share option schemes.

The significant inputs into the model for the 2003/4 awards of the original share option schemes were:

Share price at grant date	The share option price at grant date is the share price at the date on which the share option is issued, as noted above.
Exercise price	The exercise price is the share price at grant date, as noted above.
Expected option life	114 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	9,84%
Expected volatility	Expected volatility of 35% is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share option did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3,9% was used.
Weighted average share price	Tongaat Hulett component: R31,98 and Hulamin component R9,90 (2006 - R41,23).
Expected early exercise	Early exercise is taken into account on an expectation basis.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
- Expected	55 months (2006 - 67 months)
- Contractual	120 months

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Details of awards in terms of the company's share incentive schemes are as follows: continued

Share Appreciation Right Scheme 2005

Under the share appreciation right scheme, participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price, less income tax payable on such difference. The employee therefore participates in the after tax share price appreciation in the company. The vesting of the right is conditional on the achievement of Tongaat Hulett performance levels over a performance period.

In advance of the unbundling of Hulamin, partial accelerated vesting was permitted on the early vesting date based on full attainment of the performance conditions. The headline earnings per share (HEPS) performance to date relative to the HEPS performance condition applicable to the 2005 and 2006 award was tested on the early test date and this performance condition was fully met in respect of both the 2005 and 2006 awards. Vesting of the SARs was pro-rated with reference to the proportion of the performance period that had been served by participants up to the unbundling date. This pro-rata portion of the SARs was allowed to be exercised from the early vesting date up to the day before the unbundling date.

Following on the unbundling of Hulamin, participants in the share appreciation right scheme who had not exercised their rights at the unbundling date or whose rights had not vested, converted their existing Tongaat-Hulett Group Limited rights into two components, a Tongaat Hulett Limited component and a Hulamin Limited component with adjusted strike prices. The original strike price of each Tongaat-Hulett Group Limited right was apportioned between the Tongaat Hulett and Hulamin components with reference to the volume weighted average prices of both companies for the first 22 trading days after the unbundling. The VWAP was R93,89 and R29,04 respectively. Replacement SARs will not be subject to any performance conditions other than the passage of time. The vesting and lapse dates of both new SARs will be the same as that of the original SARs.

Expiring seven years from	Original grant price (Rand)	Number of THG rights at 31 Dec 2006	THG rights exercised to 30 June 2007	THG rights forfeited to 30 June 2007	Unbundling of Hulamin	Number of THG rights at 30 June 2007	Refer below for the continuation of this table after the unbundling of Hulamin
10 May 2005	57,58	1 342 868	373 395	18 837	205 716	744 920	
25 April 2006	96,09	1 311 726	191 121	13 542	269 589	837 474	
		2 654 594	564 516	32 379	475 305	1 582 394	

The grant price and number of unexercised rights after the unbundling of Hulamin at the end of June 2007 were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin) as follows:

	Grant price (Rand) Apportioned		Number following unbundling		Rights granted in 2007	Rights exercised 1 July to 31 Dec 2007		Rights forfeited 1 July to 31 Dec 2007		Number of rights at 31 December 2007	
Expiring seven years from	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin
10 May 2005	43,98	13,60	744 920	744 920		31 256	15 136	1 146	1 146	712 518	728 638
25 April 2006	73,39	22,70	837 474	837 474		5 838		1 964	1 964	829 672	835 510
20 August 2007	88,84				1 189 012			3 162		1 185 850	
			1 582 394	1 582 394	1 189 012	37 094	15 136	6 272	3 110	2 728 040	1 564 148

The estimated fair value costing of these outstanding share appreciation rights was determined using the binomial tree valuation model and non-market performance conditions, based on the following significant inputs:

Share price at grant date	The grant price at which the share appreciation right is issued, as noted above.
Exercise price	The share price at grant date, as noted above in respect of the 2007 award and apportioned for the Tongaat Hulett and Hulamin components for the 2006 and 2005 awards.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2007 award : 8,11% (2006 award : 7,22% and 2005 award : 8,09%).
Expected volatility	Expected volatility of 27% (2006 and 2005 : 35%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3,44% was used for the 2007 award (2006 award : 4,0% and 2005 award : 3,9%).
Weighted average share price	As above.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is allowed.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Estimated fair value per right at grant date	2007 award: R15,97 (the combined Tongaat Hulett and Hulamin components: 2006 award : R18,11 and 2005 award: R13,88).
Weighted average remaining life:	
- Expected	2007 award : 80 months (2006 award : 64 months and 2005 award : 52 months)
- Contractual	84 months

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Details of awards in terms of the company's share incentive schemes are as follows: continued

Long Term Incentive Plan 2005

Under the long term incentive plan, participating employees are granted conditional awards. These awards are converted into shares on the achievement of performance conditions over a performance period.

In advance of the unbundling of Hulamin, partial accelerated vesting was permitted based on the attainment of the performance conditions. In respect of both the 2005 and the 2006 awards, 50% of the award is subject to the TSR condition and 50% is subject to the ROCE condition. Both the TSR and ROCE performance to date relative to the TSR and ROCE performance condition applicable to the 2005 and 2006 awards were tested on the early test date. Both these performance conditions had been fully met in respect of both the 2005 and 2006 awards. Vesting of the conditional awards was pro-rated with reference to the proportion of the performance period that had been served by participants up to the unbundling date. This pro-rata portion of the conditional awards vested on the early vesting date and was settled with shares in The Tongaat-Hulett Group Limited.

Following upon the unbundling of Hulamin, that portion of The Tongaat-Hulett Group Limited conditional awards that did not vest early were converted into two components, a Tongaat Hulett Limited component and a Hulamin Limited component with adjusted strike prices. The original strike price of each Tongaat-Hulett Group Limited conditional awards was apportioned between the Tongaat Hulett and Hulamin components with reference to the volume weighted average prices of both companies for the first 22 trading days after the unbundling. The VWAP was R93,89 and R29,04 respectively. The replacement conditional awards will not be subject to new performance conditions and will be subject to the original vesting dates.

Expiring three years from	Original issue price (Rand)	Number of THG conditional awards at 31 Dec 2006	THG conditional awards settled to 30 June 2007	THG conditional awards forfeited to 30 June 2007	Unbundling of Hulamin	Number of THG conditional awards at 30 June 2007	Refer below for the continuation of this table after the unbundling of Hulamin
10 May 2005	57,58	336 725	230 849	4 995	24 488	76 393	
25 April 2006	96,09	182 300	67 951	3 014	28 009	83 326	
		519 025	298 800	8 009	52 497	159 719	

The issue price and number of unexercised conditional awards after the unbundling of Hulamin at the end of June 2007 were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin) as follows:

Expiring three years from	Issue price (Rand) Apportioned Tongaat Hulett	Issue price (Rand) Apportioned Hulamin	Number following unbundling Tongaat Hulett	Number following unbundling Hulamin	Conditional awards granted 1 July to 31 Dec Tongaat Hulett	No. of conditional awards at 31 Dec 2007 Tongaat Hulettt	No. of conditional awards at 31 Dec 2007 Hulamin
10 May 2005	43,98	13,60	76 393	76 393		76 393	76 393
25 April 2006	73,39	22,70	83 326	83 326		83 326	83 326
20 August 2007	88,84				136 467	136 467	
			159 719	159 719	136 467	296 186	159 719

The estimated fair value costing of these outstanding conditional share awards was determined using the Monte Carlo Simulation model and non-market performance conditions, based on the following significant inputs:

Share price at grant date	The grant price at which the conditional share award is issued, as noted above.
Exercise price	The share price at grant date, as noted above in respect of the 2007 award and apportioned for the Tongaat Hulett and Hulamin components for the 2006 and 2005 awards.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2007 award : 8,8% (2006 award : 7,01% and 2005 award : 7,44%).
Expected volatility	Expected volatility of 23,98% for the 2007 award (2006 award : 25,60% and 2005 award : 27,02%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3,6% was used for the 2007 award (2006 award : 3,8% and 2005 award : 3,9%).
Weighted average share price	As above.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	50% of the LTIP award will be subject to the TSR condition and 50% will be subject to the ROCE condition. No retesting of the performance condition is allowed.
Non-market performance conditions	Return on capital employed (ROCE).
Market performance conditions	Total shareholder return (TSR).
Estimated fair value per conditional award at grant date	2007 award: R46,28 (the combined Tongaat Hulett and Hulamin components: 2006 award: R39,78 and 2005 award: R24,96)
Weighted average remaining life:	
- Expected	2007 award : 32 months (2006 award : 16 months and 2005 award : 4 months)
- Contractual	36 months

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Details of awards in terms of the company's share incentive schemes are as follows: continued

Deferred Bonus Plan 2005

Under the deferred bonus plan, participating employees purchase shares in the company with a portion of their after tax bonus. These pledged shares are held in trust by a third party administrator for a qualifying period, after which the company awards the employee a number of shares in the company which matches those pledged shares released from the trust.

The full matching award based on the number of shares pledged in 2005 and 2006, and retained until the early vesting date, vested on the early vesting date and an appropriate number of Tongaat-Hulett Group Limited shares were delivered to each of the participants prior to the unbundling date.

Expiring three years from	Issue price Rand	Number of conditional awards at 31 Dec 2006	Conditional awards granted in 2007	Conditional awards settled in 2007	Number of conditional awards at 31 Dec 2007
4 May 2005	57,76	35 094		35 094	
3 March 2006	91,86	25 831		25 831	
27 July 2007	90,27		24 274		24 274
		60 925	24 274	60 925	24 274

The estimated fair value costing of the outstanding deferred bonus share awards was based on the following significant inputs:

Share price at grant date	The price at which the deferred bonus share is issued, as noted above.
Exercise price	The grant share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	Not applicable.
Expected volatility	Not applicable.
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected.
Weighted average share price	2007 award : R90,27
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Estimated fair value per deferred bonus share at grant date	2007 award : R67,53
Weighted average remaining life:	
- Expected	2007 award : 31 months (2006 and 2005 awards : nil)
- Contractual	36 months

The deferred bonus shares were purchased by the participating employees on 3 August 2007 in respect of the 2007 award. (2006 award : purchased on 2 March 2006 and 2005 award : purchased over the period from 4 May 2005 to 10 May 2005).

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Interest of directors of the company in share-based instruments

The interest of the directors in share options of the company are shown in the table below:

The Original Share Option Schemes

Name	Expiring ten years from	Option price Rand	Number of options at 31 Dec 2006	Options exercised to 30 June 2007	Number of options at 30 June 2007	Refer to the next page for the continuation of this table after the unbundling of Hulamin
Executive director:						
B G Dunlop	13 May 2002	49,60	7 000	7 000		
	14 April 2003	31,90	9 400	9 400		
	21 April 2004	47,00	3 600	2 500	1 100	
			20 000	18 900	1 100	
M H Munro						
	4 November 1998	33,25	4 000	4 000		
	7 May 1999	40,10	5 800	5 800		
	19 May 2000	30,00	3 800	3 800		
	12 January 2001	39,85	2 400	2 400		
	16 May 2001	40,00	9 000	9 000		
	13 May 2002	49,60	11 500	11 500		
	14 April 2003	31,90	12 400	7 500	4 900	
	1 October 2003	34,50	30 000		30 000	
	21 April 2004	47,00	32 000		32 000	
			110 900	44 000	66 900	
P H Staude	16 May 2001	40,00	10 000	10 000		
	13 May 2002	49,60	65 000	48 000	17 000	
	14 April 2003	31,90	30 000	30 000		
	21 April 2004	47,00	28 000		28 000	
			133 000	88 000	45 000	
Non-executive director: *						
J B Magwaza	19 May 2000	30,00	2 000		2 000	
	12 January 2001	39,85	1 600		1 600	
	16 May 2001	40,00	6 000		6 000	
	13 May 2002	49,60	6 000		6 000	
			15 600		15 600	
C M L Savage	5 March 1999	32,90	60 000		60 000	
	7 May 1999	40,10	50 000		50 000	
	12 January 2001	39,85	8 000		8 000	
	16 May 2001	40,00	22 000		22 000	
			140 000		140 000	
Total			419 500	150 900	268 600	

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Interest of directors of the company in share-based instruments continued

The interest of the directors in share options of the company are shown in the table below:

The Original Share Option Schemes continued

The option price and number of unexercised options after the unbundling of Hulamin at the end of June 2007 were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin) as follows:

		Option price (Rand) Apportioned		Number following unbundling No. of options at 31 Dec 2007		Options time constrained at 31 December 2007	
Name	Expiring ten years from	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin
Executive director:							
B G Dunlop	21 April 2004	35,90	11,10	1 100	1 100	1 080	1 080
M H Munro	14 April 2003	24,37	7,53	4 900	4 900		
	1 October 2003	26,35	8,15	30 000	30 000		
	21 April 2004	35,90	11,10	32 000	32 000	9 600	9 600
				66 900	66 900	9 600	9 600
P H Staude	3 May 2002	37,88	11,72	17 000	17 000		
	21 April 2004	35,90	11,10	28 000	28 000	8 400	8 400
				45 000	45 000	8 400	8 400
Non-executive director: *							
J B Magwaza	19 May 2000	22,91	7,09	2 000	2 000		
	12 January 2001	30,44	9,41	1 600	1 600		
	16 May 2001	30,55	9,45	6 000	6 000		
	13 May 2002	37,88	11,72	6 000	6 000		
				15 600	15 600		
C M L Savage	5 March 1999	25,13	7,77	60 000	60 000		
	7 May 1999	30,63	9,47	50 000	50 000		
	12 January 2001	30,44	9,41	8 000	8 000		
	16 May 2001	30,55	9,45	22 000	22 000		
				140 000	140 000		
Total				268 600	268 600	19 080	19 080

* The non-executive directors' share options were awarded when they were executive directors.

463 600 options relating to directors who resigned during the year are excluded from the opening balance.

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Interest of directors of the company in share-based instruments continued

The interest of the directors in other share-based instruments of the company are shown in the table below:

Share Appreciation Right Scheme 2005

Name of executive director	Expiring seven years from	Original Grant price (Rand)	Number of rights at 31 Dec 2006	Rights exercised to 30 June 2007	Number of rights at 30 June 2007
B G Dunlop	10 May 2005	57,58	40 597		40 597
	25 April 2006	96,09	23 737		23 737
			64 334		64 334
M H Munro	10 May 2005	57,58	32 185	11 000	21 185
	25 April 2006	96,09	20 472		20 472
			52 657	11 000	41 657
P H Staude	10 May 2005	57,58	92 810		92 810
	25 April 2006	96,09	62 082		62 082
			154 892		154 892

Refer below for the continuation of this table after the unbundling of Hulamin

The grant price and number of unexercised rights after the unbundlingof Hulamin at the end of June 2007 were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin) as follows:

Name of executive director	Expiring seven years from	Grant price (Rand) Apportioned Tongaat Hulett	Grant price (Rand) Apportioned Hulamin	Number following unbundling Tongaat Hulett	Number following unbundling Hulamin	Rights granted in 2007 Tongaat Hulett	Number of rights at 31 December 2007 Tongaat Hulett	Number of rights at 31 December 2007 Hulamin	Rights time constrained Tongaat Hulett	Rights time constrained Hulamin
B G Dunlop	10 May 2005	43,98	13,60	40 597	40 597		40 597	40 597	12 346	12 346
	25 April 2006	73,39	22,70	23 737	23 737		23 737	23 737	14 741	14 741
	20 August 2007	88,84				25 382	25 382		25 382	
				64 334	64 334	25 382	89 716	64 334	52 469	27 087
M H Munro	10 May 2005	43,98	13,60	21 185	21 185		21 185	21 185	9 787	9 787
	25 April 2006	73,39	22,70	20 472	20 472		20 472	20 472	12 713	12 713
	20 August 2007	88,84				23 830	23 830		23 830	
				41 657	41 657	23 830	65 487	41 657	46 330	22 500
P H Staude	10 May 2005	43,98	13,60	92 810	92 810		92 810	92 810	28 224	28 224
	25 April 2006	73,39	22,70	62 082	62 082		62 082	62 082	38 553	38 553
	20 August 2007	88,84				71 073	71 073		71 073	
				154 892	154 892	71 073	225 965	154 892	137 850	66 777

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Interest of directors of the company in share-based instruments continued

The interest of the directors in other share-based instruments of the company are shown in the table below:

Long Term Incentive Plan

Name of executive director	Expiring three years from	Original Issue price (Rand)	Number of Conditional awards att 31 Dec 2006	Conditional Awards settled to 30 June 2007	Number of Conditional awards at 30 June 2007
B G Dunlop	10 May 2005	57,58	20 126	14 006	6 120
	25 April 2006	96,09	10 117	3 834	6 283
			30 243	17 840	12 403
M H Munro	10 May 2005	57,58	15 955	11 104	4 851
	25 April 2006	96,09	8 725	3 306	5 419
			24 680	14 410	10 270
P H Staude	10 May 2005	57,58	50 720	35 296	15 424
	25 April 2006	96,09	26 459	10 028	16 431
			77 179	45 324	31 855

Refer below for the continuation of this table after the unbundling of Hulamin

The issue price and number of unexercised conditional awards after the unbundling of Hulamin at the end of June 2007 were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin) as follows:

Name of executive director	Expiring three years from	Issue price (Rand) Apportioned Tongaat Hulett	Issue price (Rand) Apportioned Hulamin	Number following unbundling Tongaat Hulett	Number following unbundling Hulamin	Conditional awards granted in 2007 Tongaat Hulett	No. of conditional awards at 31 December 2007 Tongaat Hulett	No. of conditional awards at 31 December 2007 Hulamin	Conditional awards time constrained Tongaat Hulett	Conditional awards time constrained Hulamin
B G Dunlop	10 May 2005	43,98	13,60	6 120	6 120		6 120	6 120	6 120	6 120
	25 April 2006	73,39	22,70	6 283	6 283		6 283	6 283	6 283	6 283
	20 August 2007	88,84				8 503	8 503		8 503	
				12 403	12 403	8 503	20 906	12 403	20 906	12 403
M H Munro	10 May 2005	43,98	13,60	4 851	4 851		4 851	4 851	4 851	4 851
	25 April 2006	73,39	22,70	5 419	5 419		5 419	5 419	5 419	5 419
	20 August 2007	88,84				7 991	7 991		7 991	
				10 270	10 270	7 991	18 261	10 270	18 261	10 270
P H Staude	10 May 2005	43,98	13,60	15 424	15 424		15 424	15 424	15 424	15 424
	25 April 2006	73,39	22,70	16 431	16 431		16 431	16 431	16 431	16 431
	20 August 2007	88,84				23 834	23 834		23 834	
				31 855	31 855	23 834	55 689	31 855	55 689	31 855

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Interest of directors of the company in share-based instruments continued

The interest of the directors in other share-based instruments of the company are shown in the table below:

Deferred Bonus Plan 2005

Name of executive director	Expiring three years from	Original Issue price (Rand)	Number of conditional awards at 31 Dec 2006	Conditional awards settled in 2007	Conditional awards granted in 2007	Number of conditional awards at 31 Dec 2007	Conditional awards time constrained
B G Dunlop	4 May 2005	57,76	4 210	4 210			
	3 March 2006	91,86	3 184	3 184			
	3 August 2007	90,27			3 357	3 357	3 357
			7 394	7 394	3 357	3 357	3 357
M H Munro	4 May 2005	57,76	3 204	3 204			
	3 March 2006	91,86	2 559	2 559			
	3 August 2007	90,27			2 887	2 887	2 887
			5 763	5 763	2 887	2 887	2 887
P H Staude	4 May 2005	57,76	10 081	10 081			
	3 March 2006	91,86	7 155	7 155			
	3 August 2007	90,27			7 711	7 711	7 711
			17 236	17 236	7 711	7 711	7 711

The deferred bonus shares were purchased by the participating employees on 3 August 2007 in respect of the 2007 award (2006 award : purchased on 2 March 2006 and 2005 award : purchased over the period from 4 May 2005 to 10 May 2005).

The share awards were made and exercised at various times and the average share price was R128,64 for Tongaat-Hulett Group Limited up to June 2007 and R93,39 for Tongaat Hulett for the remainder of the year.

The gains made by directors are reflected in note 32 under Directors' Emoluments and Interests.

The interests of those directors who resigned during the year have been excluded from the opening balances of directors interests.

34. BEE EMPLOYEE SHARE OWNERSHIP PLANS

The 7% BEE employee transaction comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP).

The ESOP scheme consists of a share appreciation right scheme and participants share in 50% of the dividend payable to ordinary shareholders.The MSOP scheme consists of two components namely a share appreciation right scheme and a share grant scheme.

The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. Tongaat Hulett Limited and its subsidiaries have made contributions to the MSOP Trust and the ESOP Trust (refer note 3). Due to these shares having specific repurchase rights at maturity (five years from grant), they are a separate class of restricted shares which, other than for the repurchase terms, rank paripassu with ordinary shares and become ordinary shares on repurchase.

The number of shares repurchased at maturity is calculated such that the market value of the repurchased shares will be equal to :
- The grant price of the shares allocated, plus the value of cash dividends paid to ESOP participants
- 80% of the market value (at the outset) of the shares issued in terms of the share appreciation right component of the MSOP
- Rnil in respect of the share grant component of the MSOP; and
- The Trusts will distribute the remaining Tongaat Hulett shares to the beneficiaries.

Under the share appreciation right scheme, participating employees are awarded the right to receive shares equal in value to the difference between the exercise price which will be equal to the grant price plus the aggregate of all cash dividends received (in the instance of the ESOP) and the market value at maturity of the scheme. The employee therefore participates in the share price appreciation in Tongaat Hulett. Under the share grant scheme, participating employees were granted the right to obtain ordinary shares in Tongaat Hulett on vesting.The value of both the MSOP share appreciation scheme and the MSOP share grant scheme are capped at a level of 10% compounded growth per year.

Description of award	Grant date	Share price at grant date Rand	Number of shares issued in 2007	Number of rights allocated in 2007
Employee Share Ownership Plan - Share appreciation right scheme	1 August 2007	92,90	5 422 829	4 408 235
Management Share Ownership Plan - Share appreciation right scheme	1 August 2007	92,90	3 296 657	1 546 630
Management Share Ownership Plan - Share grant scheme	1 August 2007	92,90	1 021 422	478 870
			9 740 908	6 433 735

The estimated fair value costing of these share appreciation rights and share grant rights was determined using option pricing methodology, based on the following significant inputs:

Expected option life	57 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	8,45%
Expected volatility	Expected volatility of 27% is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected early exercise	n/a
Time constraints	Five years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.

In addition, the following data is specific to each of the above schemes:

Employee Share Ownership Plan - Share appreciation right scheme	
Exercise price	R92,90 plus cash dividends to be received over the life of the scheme.
Expected dividends	A dividend yield of 4,6% was used.
Estimated fair value per right	R28,90
Management Share Ownership Plan - Share appreciation right scheme	
Exercise price	R74,32
Expected dividends	Nil
Estimated fair value per right	R19,80
Management Share Ownership Plan - Share grant scheme	
Exercise price	Nil
Expected dividends	Nil
Estimated fair value per right	R64,00

35. **DISCONTINUED OPERATION** (Rmillion)

The discontinued operation relates to Hulett Aluminium (Pty) Limited which was listed on the JSE on 25 June 2007 as Hulamin Limited. Tongaat Hulett unbundled its 50% share holding in Hulamin as a distribution in specie at the end of June 2007.

The results of Hulamin up to the end of June 2007 and for the twelve months ended 31 December 2006 are as follows:

	6 months to 30 June 2007	12 months to 31 December 2006
Income statement		
Revenue	**1 648**	2 738
Operating profit	**83**	211
Net financing costs	**(23)**	(111)
Profit before tax	**60**	100
Tax	**(18)**	(31)
Net profit after tax	**42**	69
Minority interest		(4)
Net profit	**42**	65
Cash flow statement		
Cash flows from operating activities	**53**	56
Net cash used in investing activities	**(90)**	170
Net movement in cash resources	**(37)**	226
Balance sheet		
Property, plant and equipment	**2 013**	1 970
Intangible assets	**11**	12
Investments	**1**	1
Current assets	**1 093**	1 397
Current liabilities	**(450)**	(474)
Provisions	**(52)**	(50)
Borrowings	**(456)**	(724)
Deferred tax	**(443)**	(450)
Minority interest	**(19)**	(19)
Post acquisition reserves	**(1 204)**	(1 169)
Investment before revaluation	**494**	494
Revaluation upon unbundling	**3 348**	
Investment in Hulamin	**3 842**	494

36. **SUBSIDIARIES DECONSOLIDATED/CONSOLIDATED** (Rmillion)

Details of subsidiaries deconsolidated and consolidated and their cash flow effects are summarised below.

	2007
Subsidiaries deconsolidated*	
Property, plant, equipment and investments	**1 983**
Inventories	**494**
Trade and other receivables	**556**
Trade and other payables	**(474)**
Provisions	**(50)**
Deferred tax	**(450)**
Borrowings net of cash and cash equivalents	**(377)**
Minority interest	**(19)**
Post acquisition reserves	**(1 169)**
Investment before revaluation	**494**
Revaluation upon unbundling	**3 348**
Investment in Hulamin (note 35)	**3 842**
Less dividend in specie	**(3 842)**
Proceeds on unbundling	**-**

*Values are as at 31 December 2006.

	2007
Subsidiaries consolidated	
Property, plant, equipment and investments	**317**
Growing crops	**70**
Inventories	**19**
Trade and other receivables	**117**
Trade and other payables	**(97)**
Deferred tax	**(4)**
Borrowings net of cash and cash equivalents	**(250)**
Minority interest	**(129)**
Net assets consolidated	**43**
Goodwill arising on consolidation	**20**
	63
Less loans capitalised and investments consolidated	**(61)**
Investment in subsidiaries	**2**

SHARE OWNERSHIP ANALYSIS

at 31 December 2007

Number of shareholders	Spread	Shares held	% Held
5 324	1 - 1 000 shares	1 769 847	1,28
1 642	1 001 - 10 000 shares	4 870 719	3,54
277	10 001 - 100 000 shares	8 808 291	6,39
66	100 001 - 1 000 000 shares	17 772 152	12,89
13	more than 1 000 000 shares	104 630 330	75,90
7 322	Total	137 851 339	100,00
	Category		
82	Banks	2 158 924	1,57
2	BEE Infrastructure and Cane SPV's	25 104 976	18,21
2	BEE Share Ownership Plans	9 740 908	7,07
87	Close Corporations	110 437	0,08
113	Endowment Funds	1 009 673	0,73
5 211	Individuals	5 243 392	3,80
19	Insurance Companies	1 392 158	1,01
20	Investment Companies	6 951 658	5,04
3	Issuer's Pension Funds	2 197 415	1,60
115	Mutual Funds	13 249 376	9,61
1 125	Nominees and Trusts	3 352 245	2,43
119	Other Corporations	1 003 141	0,73
5	Own holdings	44 627	0,03
181	Pension Funds	13 935 210	10,11
221	Private Companies	890 079	0,65
16	Public Companies	224 112	0,16
1	Strategic Investor	51 243 008	37,17
7 322	Total	137 851 339	100,00
	Type of shareholder		
	Non-public		
8	Directors and associates of the company	301 131	0,22
4	BEE entities	34 845 884	25,28
1	Strategic holdings	51 243 008	37,17
5	Own holdings	44 627	0,03
3	Issuer's Pension Funds	2 197 415	1,60
21	Total non-public	88 632 065	64,30
7 301	Public	49 219 274	35,70
7 322	Total	137 851 339	100,00
	Beneficial shareholdings over three percent		
	Anglo South Africa Capital (Pty) Limited	51 243 008	37,17
	Infrastructure SPV (Pty) Limited	13 947 209	10,12
	yoMoba SPV (Pty) Limited	11 157 767	8,09
	Allan Gray	7 382 245	5,36
	Public Investment Corporation	6 399 053	4,64
	Tongaat Hulett BEE Employee Share Ownership Plan	5 422 829	3,93
	Liberty Group	4 456 495	3,23
	Tongaat Hulett BEE Management Share Ownership Plan	4 318 079	3,13

CORPORATE INFORMATION

Registration Number: 1892/000610/06
Share Code: TON
ISIN: ZAE 000096541

Company Secretary

M M L Mokoka

Business and Postal Address

Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal
P O Box 3
Tongaat 4400

Telephone: +27 32 439 4000
Facsimile: +27 32 945 3333
Website: www.tongaat.co.za
E-mail: info@tongaat.co.za

Bankers

First National Bank
of Southern Africa Limited
Nedcor Bank Limited
The Standard Bank
of South Africa Limited
ABSA Bank Limited

Attorneys

Bowman Gilfillan
Cox Yeats
Garlicke & Bousfield
Shepstone & Wylie
Taback & Associates

Independent External Auditors

Deloitte & Touche

Internal Auditors

KPMG

Securities Exchange Listings

South Africa (Primary):
JSE Limited
United Kingdom (Secondary):
London Stock Exchange

Transfer Secretaries

South Africa:
Computershare Investor Services
(Pty) Limited
P O Box 61051
Marshalltown 2107

United Kingdom:
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Sponsor

Investec Bank Limited
100 Grayston Drive
Sandown
Sandton 2196

SHAREHOLDERS' DIARY

Financial year end		31 December
Annual general meeting		April
Reports and profit statements:		
Interim results		July
Annual results and final dividend declaration		February
Annual financial statements		March
Dividends:		
Interim	Declared	July
	Paid	August
Final	Declared	February
	Paid	March

Notice is hereby given that the one hundred and sixteenth annual general meeting of shareholders will be held at the Corporate Office, Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal on Wednesday 23 April 2008 at 09h00.

Order of business

1. To receive and consider the annual financial statements of the company for the year ended 31 December 2007.
2. For the re-appointment of Deloitte & Touche as auditors.
3. To elect directors in place of Messrs P M Baum, J B Magwaza and R H J Stevens, who retire by rotation in terms of article 61 of the articles of association and who, being eligible, offer themselves for re-election. Details of each of these retiring directors are set out in the 2007 Annual Report.
4. To elect Mrs J John and Messrs C B Sibisi and J G Williams as directors who, having been appointed during 2007, are required to retire in accordance with article 59 of the articles of association, and being eligible, offer themselves for re-election. Details of each of these retiring directors are set out in the 2007 Annual Report.
5. To consider and, if deemed fit, to pass, with or without modification, the following resolutions, subject to the approval of the JSE Limited ("JSE"):

Special Resolution Number 1

"Resolved as a special resolution that:

a. the acquisition by the company of shares or debentures ("securities") issued by it on such terms and conditions as the directors of the company may deem fit; and
b. the acquisition by any subsidiary of the company of securities issued by the company on such terms and conditions as the directors of any such subsidiary may deem fit;

be and it is hereby approved as a general approval in terms of sections 85 and 89 of the Companies Act, 61 of 1973, as amended ("the Companies Act") and in terms of the JSE Listings Requirements; provided that:

1. the number of ordinary shares acquired in any one financial year shall not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed;
2. such general approval shall be valid only until the next annual general meeting of the company or the expiry of a period of 15 months from the date of this resolution, whichever occurs first, or until varied or revoked prior thereto by special resolution at any general meeting of the company;
3. such acquisitions may not be made at a price greater than ten percent above the weighted average of the market value for the securities on the JSE for the five business days immediately preceding the date on which the transaction for the acquisition is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five business day period;
4. the acquisitions be effected through the order book operated by the JSE trading system;
5. the company appoints, at any point in time, only one agent to effect any acquisition/s on the company's behalf;
6. the company complies with the shareholders' spread requirements in terms of the JSE Listings Requirements;
7. acquisitions will not be undertaken by the company or its subsidiaries during a prohibited period, as defined by the JSE Listings Requirements;
8. when the company and/or its subsidiaries have cumulatively repurchased three percent of the initial number (the number of that class of shares in issue at the time that general authority from shareholders is granted) of the relevant class of securities, and for each three percent in aggregate of the initial number of that class acquired thereafter, a press announcement must be made giving the details required in terms of the JSE Listings Requirements, in respect of such acquisitions;
9. the company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market;
10. before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, will ensure that for a period of 12 months after the date of the notice of annual general meeting:
    - the company and the group will be able, in the ordinary course of business, to pay its debts;
    - the assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards , will exceed the liabilities of the company and the group;
    - the company and the group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes;
11. this authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company at the relevant time."

The general information regarding the company, referred to in paragraph 11.26(b) of the JSE Listings Requirements, is contained in the 2007 Annual Report as follows:

a. directors of the company;
b. major shareholders;
c. directors' interests in the company's securities;
d. share capital.

There have been no material changes since 31 December 2007.

The company is not a party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors (whose names appear in the 2007 Annual Report) collectively and individually accept full responsibility for the accuracy of the information given and certify, that to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of the annual general meeting contains all information required by law and the JSE Listings Requirements.

The effect of special resolution number 1 is to provide a general authority for the company and its subsidiaries to acquire shares issued by it in accordance with the provisions of sections 85 and 89 of the Companies Act and the JSE Listings Requirements.

Ordinary Resolution Number 1

"Resolved as an ordinary resolution that the directors be and they are hereby authorised and empowered to do all such things and sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to the approval granted in terms of special resolution number 1."

Ordinary Resolution Number 2

"Resolved as an ordinary resolution that the unissued shares in the capital of the company (other than the shares reserved for the purposes of The Tongaat-Hulett Employees Share Incentive Scheme and The Tongaat-Hulett Group Limited 2001 Share Option Scheme) be and they are hereby placed under the control of the directors of the company who are hereby authorised to allot and issue such shares at their discretion upon such terms and conditions as they may determine, subject to the proviso that the aggregate number of shares to be allotted and issued in terms of this resolution shall be limited to five percent of the number of shares in issue at 23 April 2008 and subject to the provisions of the Companies Act and the JSE Listings Requirements."

Ordinary Resolution Number 3

"Resolved as an ordinary resolution that subject to the passing of ordinary resolution number 2 and the approval of a 75 percent majority of the votes cast by shareholders present in person or represented by proxy at the annual general meeting at which this resolution is proposed, and the JSE Listings Requirements, the directors of the company be and are hereby authorised and empowered to allot and issue for cash, without restriction, all or any of the unissued shares in the capital of the company placed under their control in terms of ordinary resolution number 2 as they in their discretion may deem fit; provided that:

a. this authority shall not extend beyond 15 months from the date of this annual general meeting;
b. a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, five percent or more of the number of ordinary shares of the company's ordinary share capital in issue prior to such issues provided further that such issues shall not in any one financial year exceed five percent of the company's issued ordinary share capital; and
c. in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be ten percent of the weighted average traded price of the shares in question over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors. The JSE will be consulted for a ruling if the company's securities have not traded in such 30 business day period."

Ordinary Resolution Number 4

"Resolved as an ordinary resolution that the proposed fees, set out below, payable to non-executive directors for their services as directors on the board and on board committees for the period commencing 1 January 2008, as recommended by the Remuneration Committee and the board, subject to approval by the shareholders at the annual general meeting, be and are hereby approved."

Proposed Directors' Fees with effect from 1 January 2008

Type of fee	Existing fees R	Proposed fees from 1 January 2008 R
Tongaat Hulett Board:		
Chairman	535 000 pa	550 000 pa
Non-Executive Directors	150 000 pa	163 000 pa
Audit and Compliance Committee:		
Chairman	150 000 pa	163 000 pa
Non-Executive Directors	75 000 pa	81 500 pa
Remuneration Committee:		
Chairman	120 000 pa	130 000 pa
Non-Executive Directors	60 000 pa	65 000 pa
Employment Equity :		
Non-Executive Directors	60 000 pa	65 000 pa

5. To transact such other business as may be transacted at a general meeting.

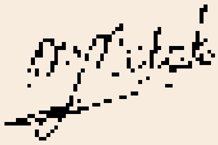
Voting

Any shareholder who holds certificated ordinary shares in the company or who holds dematerialised ordinary shares in the company through a Central Securities Depository Participant ("CSDP") and who has selected "own name" registration, may attend, speak and vote at the annual general meeting or may appoint any other person or persons (none of whom need be a shareholder) as a proxy or proxies, to attend, speak and vote at the annual general meeting in such shareholder's stead.

Should any shareholder who holds dematerialised ordinary shares in the company and has not selected "own name" registration, wish to attend, speak and vote at the annual general meeting, such shareholder should timeously inform his CSDP or broker for the purposes of obtaining the necessary letter of representation from such shareholder's CSDP or broker to attend the annual general meeting or timeously provide such shareholder's CSDP or broker with such shareholder's voting instruction in order for the CSDP or broker to vote on such shareholder's behalf at the annual general meeting.

A proxy form is enclosed for use by shareholders holding certificated ordinary shares in the company or dematerialised ordinary shares in the company through a CSDP and who has selected "own name" registration. Such proxy form, duly completed should be forwarded to reach the transfer secretaries of the company, by no later than 09h00 on Monday, 21 April 2008. The completion of a proxy form will not preclude a member from attending the meeting.

By order of the Board



M M L Mokoka
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

21 February 2008

Tongaat Hulett

Registration Number: 1892/000610/06 Share Code: TON ISIN: ZAE000096541

FORM OF PROXY FOR ANNUAL GENERAL MEETING

Note: All beneficial shareowners that have dematerialised their shares through a CSDP or broker, other than those which are in "own name", must NOT COMPLETE THIS FORM.

Instead, they must either provide the CSDP or broker with their voting instructions, or alternatively, should they wish to attend the meeting themselves, they may request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and the CSDP or broker.

A member entitled to attend and vote at the meeting mentioned below is entitled to appoint a proxy to attend, speak and, on a poll, to vote in his stead. A proxy need not be a member of the company.

I / We ....

(Name in block letters)

of ....

(Address in block letters)

being the holder/holders of .... ordinary shares in Tongaat Hulett do hereby appoint

....

or failing him, Mr C M L Savage or failing him, Mr P H Staude as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at 09h00 on Wednesday 23 April 2008 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions.

Proposed resolution	**For**	**Against**	**Abstain**
Adoption of financial statements.			
Re-appointment of Deloitte & Touche as auditors			
Re-election of directors:			
P M Baum			
J John			
J B Magwaza			
C B Sibisi			
R H J Stevens			
J G Williams			
Special Resolution Number 1 authorising the repurchase of issued ordinary shares to a maximum of five percent in any year.			
Ordinary Resolution Number 1 authorising directors to give effect to Special Resolution No. 1.			
Ordinary Resolution Number 2 authorising the placing of unissued share capital under the control of directors to a maximum of five percent of the issued share capital.			
Ordinary Resolution Number 3 authorising directors to issue for cash unissued shares in terms of Ordinary Resolution No. 2.			
Ordinary Resolution Number 4 approval of directors' fees.			

Signed this .... day of .... 2008 Signature ....

Completed forms of proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Monday, 21 April 2008.

South Africa: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).

United Kingdom: Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

NOTES:

1. A member's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A member may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A member who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the member's votes exercisable at the annual general meeting.

2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the company's share registrar or waived by the chair of the annual general meeting.

3. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

4. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrars of the company.

5. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the member wishes to vote.

Tongaat Hulett

www.tongaat.co.za