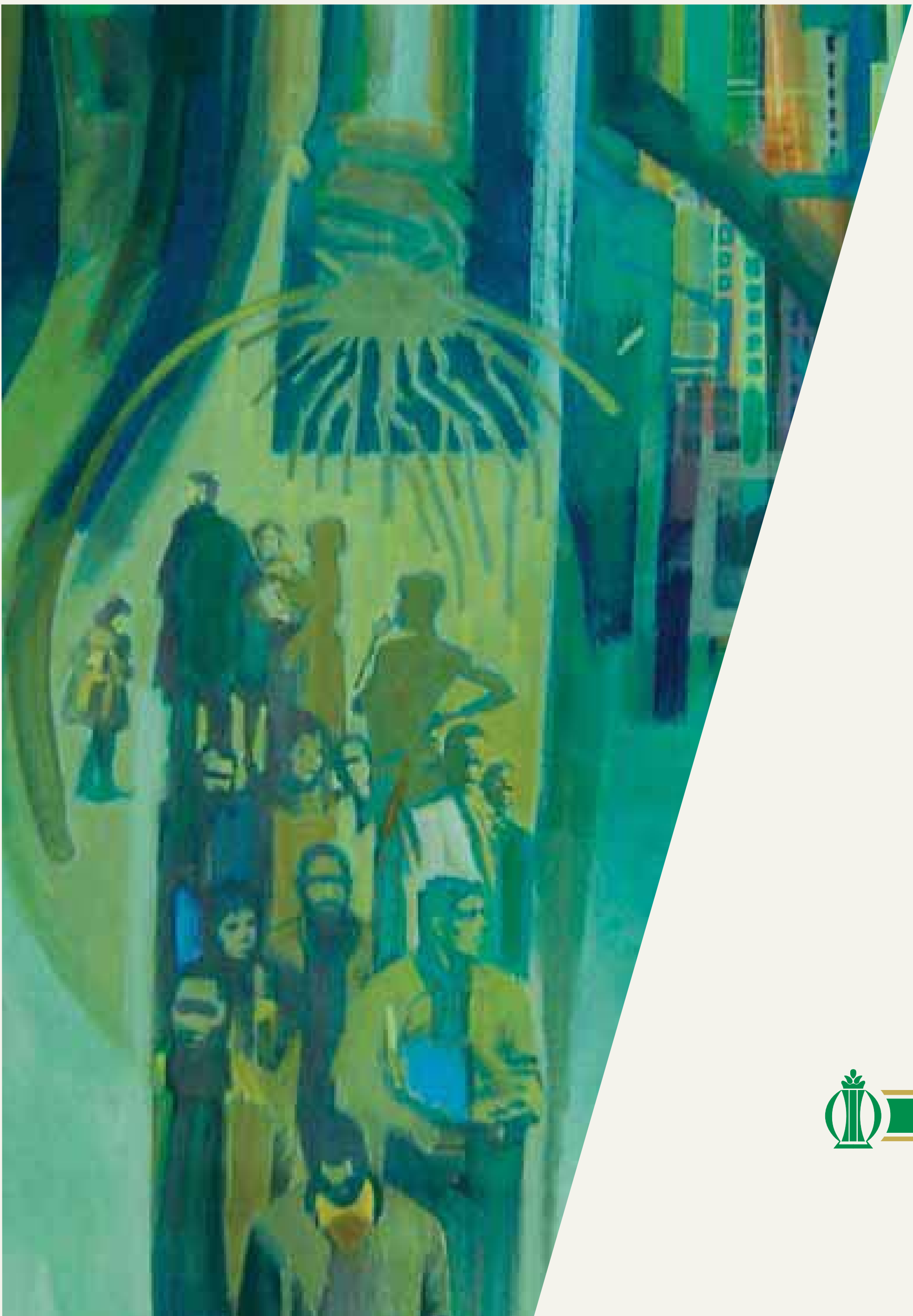
2005 Annual Report

Year Ended 31 December



The Tongaat-Hulett Group Limited

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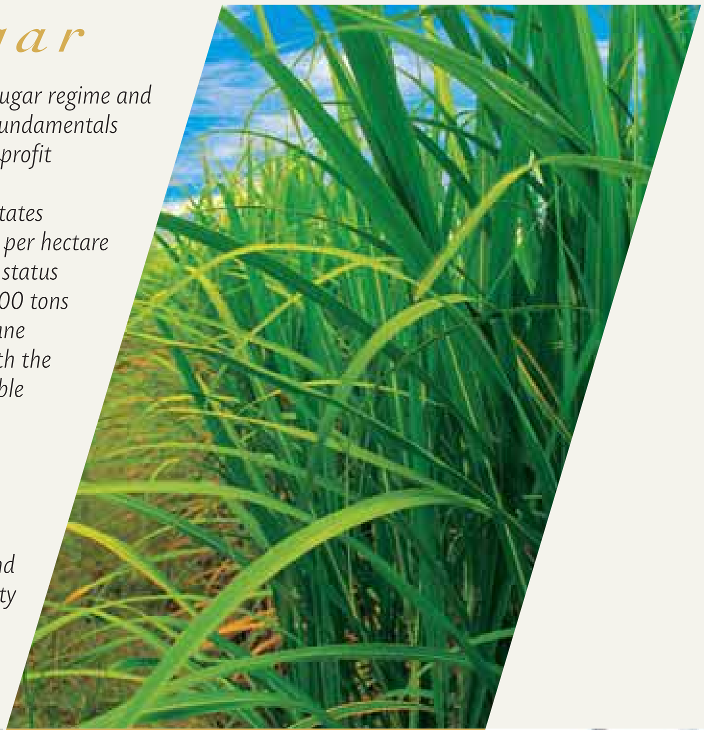
Sugar



- *Well positioned to benefit from a new world sugar regime and to take advantage of changing global sugar fundamentals*
- *Earnings growth acceleration with operating profit increasing by 183% to R232 million*
- *Record sucrose production at Tambankulu Estates in Swaziland with a yield of 17,3 tons sucrose per hectare harvested confirming the estate's world-class status*
- *Sugar production increased by 35% to 115 000 tons in Mozambique following improvements in cane yields, cane quality and factory recoveries, with the opportunity and capability to more than double production going forward*
- *The first sugar from the new white sugar technology plant was produced at Felixton in November 2005*
- *Tongaat-Hulett Sugar mills continue to sell renewable electricity into the national grid and two mills sold electricity to a "green" electricity trader for the first time in 2005*
- *Sugar cane to the value of R211 million was purchased from historically disadvantaged South Africans in 2005, representing about 21% of total South African cane procurement*
- *Huletts® once again excelled in the Sunday Times/MarkinorTop Brands survey, being the only sugar brand to feature and improving its premium ranking in the food category from fourth in 2004 to second in 2005*

- ***Operating profit, headline earnings, ROCE and dividends more than doubled in 2005***
- ***Unlocking further value for shareholders, embarking on***
  - ***Listing and unbundling of Hulamin***
  - ***Positioning of Tongaat-Hulett as a focused business, well placed to capitalise on overlaps, synergies and growth opportunities in starch & glucose, sugar and property and to take advantage of changing global sugar dynamics***
  - ***Introduction of BEE equity participation in both Tongaat-Hulett and Hulamin***

African Products

Products

- *An organisational restructuring was undertaken during the year, as part of the ongoing process to ensure operations are able to respond to the competitive environment, the benefits of which will be realised from 2006*
- *Operating profit almost doubled to R112 million despite strong currency, import competition and volatile maize price*
- *Growth in new sales to the mining sector of 26%*
- *Significant progress in developing starch-based adhesives with growth of 123%*
- *Extensive agricultural trials with a starch-based super absorbent polymer currently in progress*
- *Successful alternative maize storage trials of 27 000 tons*
- *New maize procurement and product pricing model fully operational in 2005*

Moreland
Moreland

- *Third successive year of record operating profit of R231 million in 2005 with strong contributions from all portfolios*
- *La Lucia Ridge Office Estate, Briardene Industrial Park and first phase of RiverHorse Valley Business Estate sold out with replacement stock being developed*
- *Substantial progress made towards securing approvals for several key developments to be launched in 2006, including the Sibaya node at Umdloti, Umhlanga Triangle, Izinga, Umhlanga Ridge New Town Centre residential precincts, Cornubia at Mount Edgecombe North, Kindlewood at Mount Edgecombe South and Shongweni*
- *The value of Group land further enhanced by recent announcements:*
  - *International five star Marriott and Fairmont hotel investments at Umhlanga Triangle and Zimbali*
  - *Gary Player appointed to design Zimbali Lakes Golf Course*
- *First major South African land developer to achieve ISO 14001 environmental accreditation*

- ***48% of management and 79% of skilled and supervisory positions comprise black employees***
- ***Total BEE procurement spend of R867 million represents 24% of total available spend, supplied by approximately 400 BEE enterprises***
- ***49% of employees in South Africa have presented for HIV voluntary counselling and testing during 2005***
- ***The lost time injury frequency rate improved to 0,31 in 2005 from 1,27 in 2003***

Hulett Aluminium
Aluminium

- *Operating profit more than doubled from R150 million to R319 million*
- *20% sales volume growth in rolled products to 173 000 tons, despite disruptions in the supply of rolling ingot in the second half of the year*
- *Sales mix improvements were achieved, including increased local market sales and exports of Treadbright® and can end stock growing by 27% and 33% respectively*
- *Rolled product conversion costs per ton were reduced by 8%*
- *Achieved 180 000 tons annualised rolled products sales volume in 4th quarter 2005*
- *The plate plant expansion, which will increase high margin heat-treated plate capacity by 50%, is progressing well and will come on stream in the second half of 2006*
- *Rolled Products achieved ISO 14001 environmental accreditation*

TONGAAT-HULETT *An Introduction*

Tongaat-Hulett has a proud history built on the ability to transform itself and capitalise on opportunities in changing business environments. It is doing so again by introducing black economic empowerment equity participation in both Tongaat-Hulett and Hulett Aluminium and simultaneously unbundling and listing Hulett Aluminium.

Tongaat-Hulett has invested in and strengthened its operating companies, all of which have strong competitive positions that cannot easily be replicated. Earnings are growing from the expanded asset base. The businesses are well positioned to take full advantage of attractive growth opportunities and deliver earnings growth.

HULAMIN - A VALUED INDEPENDENT NICHE PRODUCER AND GLOBAL BRAND

Hulett Aluminium has established a reputation in the world market as a manufacturer of high value aluminium rolled products. In a global market dominated by a few large producers, Hulamin has carved out a space based on outstanding customer service, responsiveness and a wide range of high quality products. This, combined with rapidly improving operational performance, has laid the foundation for significant increases in profitability.

Hulamin's business model focuses on significant positions in high value niche markets, including value added exports by South African customers. It is emerging as one of the most successful export based rolled products businesses in the world. This has necessitated the development of a new set of skills that adds value to customers and offers opportunities for the business to differentiate itself in the market.

The global rolled aluminium industry remains dominated by a few multinationals, which together control more than 70 percent of world capacity in higher value products. Hulamin competes directly with the world's leading producers in the markets for high value, more profitable niche products. As a direct result of consolidation in the industry and customers' reactions to the emergence of such dominant multinationals, opportunities arise for independent producers such as Hulamin to add value by offering premium quality alternative supply, more flexible service, single mill sourcing and direct contact with the manufacturing unit.

Hulamin manufactures technically demanding, world-class quality, high margin aluminium semi-fabricated products. These include heat treated plate, can end stock, closure sheet, bright treadplate, thin gauge foil, superior finish painted products and clad products for automotive heat exchangers. It delivers these products to more than 350 export customers in over 50 countries around the world, on flexible and demanding delivery schedules. The rolled products plant located in Pietermaritzburg constitutes the major activity and includes a number of hot and cold rolling mills, together with foil mills, remelt facilities, coating lines and other precision finishing equipment. Hulamin is also the leading producer of extruded aluminium products in Africa, with four plants supplying a wide range of markets and with a particular capability to produce large and complex extruded sections. It also owns a number of strategically positioned downstream operations involved in the distribution of aluminium products and the manufacture of a diverse range of products which include rigid foil containers, high pressure aluminium cylinders and cladding products for the building industry.

Hulamin has proved itself on the world stage as a South African manufacturing success by breaking into high value, difficult to manufacture products in previously well defended markets. This success is founded on an experienced technical and process competence, full capacity utilisation as an independent producer, the ability to focus on an attractive product mix and lower costs.

AFRICA'S MAJOR PRODUCER OF STARCH AND GLUCOSE

Established in 1919, African Products is the major producer of starch and glucose on the African continent. It has grown and become a critical supplier to a wide range of South African and African industries. Operating five wet-milling plants, including the ultra-modern Kliprivier facility, African Products converts some 600 000 tons of maize per annum into starch and starch-based products. It manufactures products of world-class quality and is a major beneficiator of one of South Africa's key agricultural products.

Starch, one of nature's most versatile raw materials, is the starting point for a wide variety of downstream products. African Products continues to focus on its established product range to capitalise on opportunities for further growth. Investment in expanding and improving the company's ability to manufacture its base products is taking place. Many of these products, which range from unmodified corn starch to highly refined glucose products, are key ingredients for local manufacturers of foodstuffs, beverages and a variety of industrial products. The strong growth of the South African economy is positive for good volume growth of these products.

High oil prices have increased the appeal of starch as a raw material as many oil-based products can also be manufactured from starch, including ethanol. Worldwide research efforts currently focus on developing new and

innovative products from this fascinating molecule. African Products continues to monitor many of these developments with a view to incorporating them in its product portfolio. As a result of this drive, a number of new products have been successfully introduced into the South African market and further developments are planned. The focus going forward is on opportunities to increase the range of higher value products, with good progress in adhesives and mining product initiatives.

African Products and Tongaat-Hulett Sugar continue to assess opportunities to capitalise on their joint agri-processing skills.

OPPORTUNITIES COMMON TO BOTH STARCH & GLUCOSE AND SUGAR

Tongaat-Hulett has been adding value in refined carbohydrates and through agricultural raw materials for more than a century. The starch and glucose and sugar businesses offer similar products in key overlapping market sectors. In many ways, what Tongaat-Hulett Sugar does to cane through beneficiation, African Products does to maize. There is increased awareness of the significant market sectors where Tongaat-Hulett can potentially manufacture complementary and substitute products.

Tongaat-Hulett Sugar and African Products produce almost half of the refined carbohydrates manufactured in South Africa. Tongaat-Hulett has established considerable expertise in adding value to agricultural products, an area which requires specific knowledge and skills. This provides a powerful base to harness its agri-processing abilities to expand activities into adding value to other agricultural crops.

A WORLD LEADER IN SUGAR

Tongaat-Hulett Sugar is well positioned to capitalise on changing global sugar fundamentals. It has a history that stretches back to its beginnings in 1854. Today, it is a world leader in process design and technology and has built a powerful brand in Huletts®. Its operations now extend well beyond its origins in South Africa.

Tongaat-Hulett Sugar is well positioned in Southern Africa. In the KwaZulu-Natal north coast and Zululand region it has four sugar mills with installed capacity to crush 9 million tons of cane per annum. In an average rainfall year this region produces 12 million tons of cane and Tongaat-Hulett Sugar is strategically positioned to further leverage efficiencies and economies as sugar milling in the region moves to improve its cost competitiveness. The matching of milling capacity to available cane supplies remains a key driver of low cost sugar production. Triangle Sugar in Zimbabwe is well positioned to enter a growth phase once the conditions in Zimbabwe are conducive to further investment. In Mozambique, Tongaat-Hulett Sugar has two sugar mills in partnership with the Mozambique government with the capacity to crush 1,3 million tons of cane annually with further growth potential. It also has extensive irrigated cane estates in Mozambique. At Tambankulu Estates in Swaziland, Tongaat-Hulett Sugar produces in excess of 440 000 tons of cane per annum.

A key factor for future investment and profitability will be the effect on both preferential and world market prices of changes to subsidies (both domestic and export), market protection and preferential market access through liberalisation of world trade. The reform of the European Union (EU) sugar regime commencing in 2006 is a significant step in this direction. Furthermore, the expanding market for fuel ethanol produced from sugar cane as an environmentally friendly alternative to fossil fuels will underpin world sugar prices. Tongaat-Hulett is increasing its focus away from the narrow sugar definition to a much broader sweetener and bio-fuels approach.

With the long term trend of decreasing costs of sugar production internationally, Tongaat-Hulett Sugar is striving to maintain an internationally competitive cane growing and manufacturing base through the identification and elimination of all non-value adding processes and activities. A major review and analysis of the business in terms of its international competitiveness has been undertaken over the past few years as well as having assessed whether the business processes and organisational culture are conducive to the 'high performance organisation' needed to meet the challenges. A key to achieving this competitiveness has been the establishment of leaner and flatter structures where people at operating level have been empowered to assume greater responsibility and accountability for performance. Action plans and earnings enhancing initiatives have been put in place and have begun to bear fruit.

The management of existing and new sugar manufacturing technologies will facilitate the effective execution of the business objectives. Technology management is a key element of Tongaat-Hulett Sugar's lean manufacturing strategy and will stimulate, support and leverage the continuous improvement of its operations. Work on Tongaat-Hulett Sugar's ground breaking refining technology has shown further advances with the partial commissioning of a new technology plant at Felixton designed to draw off 15 percent of the Felixton sugar mill's capacity enabling, for the first time, white sugar production directly from raw cane juice. Commissioning will be completed at the start of the 2006 milling season.

One of the foundations of Tongaat-Hulett Sugar's success remains the powerful Huletts® brand. In 2005 it was voted by an independent survey as the second most admired food brand in South Africa, measured in terms of loyalty and weighted by awareness as well as trust and confidence. The brand offers a total sweetener solution including a range of high intensity sweeteners.

Tongaat-Hulett Sugar is increasingly seeing opportunities in environmentally sustainable energy generation from sugar cane. It continues to explore the co-generation of electricity and the expansion of ethanol production for use as a bio-fuel. These initiatives are certain to grow in significance given sugar cane's sustainable and renewable properties.

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.

MANAGING VALUE CREATION BETWEEN SUGAR AND PROPERTY DEVELOPMENT

Tongaat-Hulett owns 23 000 hectares of land in South Africa of which 11 600 hectares are under urban or tourism development demand. It has the expertise and competence to manage the dynamics of optimising cane supplies when conditions favour sugar production and unlocking substantial value from its land holdings when circumstances support property development. This value creation is currently occurring on the KwaZulu-Natal coast north of Durban, with Moreland's established position as a leading land developer being a key success factor.

The timing of the transition from sugar to property development is difficult to predict as it depends amongst other things on sugar prices, sugar regimes, exchange rates, interest rates, property market cycles and urbanisation pressures. There is also the opportunity to buy land for cane growing, with longer term property development potential. Tongaat-Hulett is able to proactively manage this dynamic process and position itself to optimise value.

SOUTHERN AFRICA'S LEADING LAND DEVELOPER

Moreland's established development platform is a key success factor in unlocking the potential of the KwaZulu-Natal north coastal strip, making Durban/Richards Bay one of Southern Africa's fastest growing development corridors. The coordinated and sustainable growth and development strategy balances the enhancement and unlocking of the value of Tongaat-Hulett's prime properties, the imperatives of economic growth, job creation, economic empowerment, social upliftment and the need to conserve the natural environment.

With access to prime land, Moreland has an exciting development pipeline and has the people and core competencies to unlock these developments. It is accelerating its programme of releasing new developments, benefiting from the buoyant property market in recent years and increasing interest from national and international investors.

Moreland is committed to sustainable development practices and places emphasis on finding the appropriate and responsible balance between economic, social and environmental imperatives. It is the first major South African land developer with ISO 14001 accreditation for environmental management systems and has a professional, multi-disciplinary team, supplemented by the effective management of outsourced property consultants and contractors.

Developments include residential, industrial, commercial and resort projects located in the KwaZulu-Natal coastal strip north of the Umgeni River in Durban. Moreland's premier Southern African land developer brand is supported by its signature development brands such as the Zimbali Coastal Resort, RiverHorse Valley Business Estate, Umhlanga Ridge New Town Centre, La Lucia Ridge Office Estate, Mount Edgecombe Country Club Estates, and Umhlanga and La Lucia Ridge residential developments. In its central La Lucia and Umhlanga Ridge/Mount Edgecombe node, Moreland is developing a balanced community, providing places to live, work, learn, shop, play and pray, all within easy commuting distance. The result is substantial cross-portfolio synergies and the development of Southern Africa's most sought after, internationally benchmarked, quality of life environment.

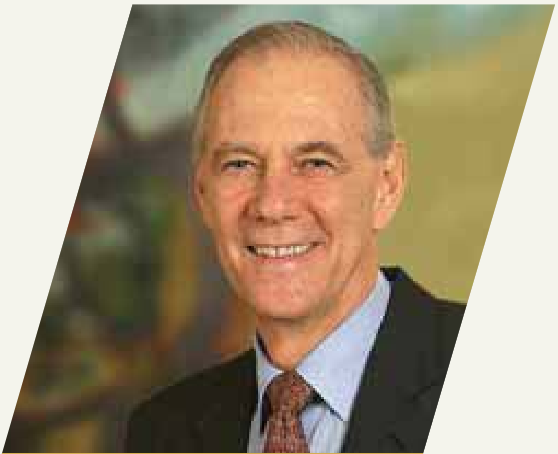
Moreland has planned and developed almost 1 500 hectares of land since 1990. This has facilitated the construction by its customers of more than 100 office and factory buildings, 5 000 residential units, the 160 000+ square metre Umhlanga Gateway and Crescent shopping centres, the Sibaya Casino and Entertainment World, three hotels (with six more planned or under construction), Umhlanga Hospital, Crawford and Umhlanga Colleges and places of worship. This constitutes total investment by Moreland and its customers of approximately R15 billion and has seen the creation of more than 50 000 much needed new jobs in both the construction and end-user industries. Moreland's partners in these developments have inter alia included the eThekwini Municipality.

Whilst continuing to realise the considerable future potential remaining in the current nodes, Moreland is focused on enhancing and unlocking the value of 11 600 hectares of Tongaat-Hulett's prime property situated at Shongweni, Cornubia/Kindlewood at Mount Edgecombe, Umdloti/Sibaya, Tongaat/La Mercy, Tinley Manor and Nonoti/Zinkwazi/Thukela which are under urban and tourism expansion pressure. Once developed by Moreland, it is envisaged that these areas collectively would have an estimated land value in excess of R2 billion. Preliminary plans have been prepared for most of the nodes and, based on the current average annual rate of land take-up for development, subject to development approvals and installation of the necessary bulk services infrastructure, Moreland should be able to introduce developments to the market on a continuous basis for at least the next 25 years.

SUSTAINABLE BUSINESS DEVELOPMENT

Tongaat-Hulett has a holistic approach to the achievement of a balanced and integrated economic, social and environmental performance, underpinned by strong corporate governance. It is committed to sustainable business development and realising value for all stakeholders. Momentum continues to build with its broad based black economic empowerment (BEE) and safety, health and environment achievements. Government relationships in the Southern African region continue to grow from strength to strength. Established in the nineteenth century, Tongaat-Hulett employs some 27 000 people in its substantial businesses throughout Southern Africa.

CHAIRMAN'S *Statement 2005*



CEDRIC SAVAGE
Chairman

Earnings Continue to Grow

The collective actions taken by management to enhance performance are resulting in accelerated earnings. Headline earnings have more than doubled from R206 million to R466 million and this momentum is expected to continue, demonstrating the strategy of value creation driven by earnings growth.

Unlocking Further Value for Shareholders

A final dividend of 280 cents per share has been declared which, together with the interim dividend of 120 cents, amounts to a total dividend of 400 cents per share, an increase of 135 percent on the 170 cents per share of the previous year.

A track record of delivery is adding to the appreciation in the market of the value in Tongaat-Hulett going forward. This is reflected in the share price which has increased by 51 percent over the past year, following its 61 percent rise in 2004.

The board continually identifies and executes actions to increase shareholder value and, following an extensive strategic review, this resulted in the decision on 17 February 2006 to list and unbundle Hulett Aluminium from the Tongaat-Hulett Group and to simultaneously proceed with the introduction of BEE equity participation in both entities. The decision was unanimously supported by the directors as a positive move and it is anticipated that the process will be completed in approximately 12 months.

Favourable Economic Conditions

South Africa continues to grow from strength to strength with an impressive list of achievements: financial and political stability, control of inflation, low interest rates, rising GDP, an improving global rating and its attractiveness as an investment destination. The current economic expansion is providing a solid platform for the country's future sustainable growth. Global economic and business fundamentals are also favourable and have increased demand for Tongaat-Hulett's products.

The EU is at last compromising on its previously rigid production and export subsidies and the United States and Japan are under increasing pressure to follow suit. It is encouraging to see the consequential impact on the world sugar price which has risen considerably over the past year. Tongaat-Hulett is ideally placed to benefit from such changes in the world economy.

The above factors are supportive of the strategy of growing earnings on a sustainable basis, especially when considered in the context of the various growth opportunities that are available to Tongaat-Hulett.

Business Sustainability

The sustainability of our business is important and we are proud of our inclusion as a founding member of the JSE's Socially Responsible Investment Index. In addition, progress continues in the areas of safety in the workplace, developing our employees and broad based BEE.

The success in voluntary counselling and testing campaigns is encouraging given that HIV and AIDS remains an important health challenge. Free anti-retroviral treatment is provided to eligible employees. The effect of the programmes in mitigating the impact of HIV and AIDS on the business is closely monitored.

It is pleasing that the considerable efforts in employment equity continue to be recognised, this time with a ranking of seventh place in this category in the Financial Mail 2005 survey.

The important areas of corporate governance and sustainability are covered in more detail on pages 20 to 33 of this annual report.

Corporate Governance

The board of directors maintains high standards of corporate governance. It endorses the principles of openness, integrity, accountability, transparency and social responsibility. Tongaat-Hulett is fortunate to have on its board the quality and experience in a team of eminent business and professional individuals. We continually strive to improve our standards of corporate governance and regular board assessments are a fundamental part of this process. Tongaat-Hulett fully complies with the requirements of King II.

A warm welcome is extended to Lucy Mokoka who joined as company secretary during the year. Lucy adds a new dimension with her range of skills. Our thanks are extended to Samantha Davidson who ably filled the position previously and continues in her role as principal officer of The Tongaat-Hulett Pension Fund.

Conclusion

Peter Staude and his management team have again performed admirably, instilling a capacity for change and entrenching a culture of leadership, accountability and performance. This has had a major influence on our results and Tongaat-Hulett is appropriately positioned to further grow earnings and increase shareholder value.

Major changes in company structure, as announced, will create both challenges and opportunities in the year ahead. During the unbundling process, the board is committed to ensuring that the planned improvement in performance is met and not diluted by the pending structural changes.

In closing, I would like to thank the board for their valued contributions, support and wise counsel. I would also like to express my sincere appreciation to Peter, his executive team and to all the people at Tongaat-Hulett for their hard work, loyalty and dedication in contributing to its success.

Cedric Savage
Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

17 February 2006

UNLOCKING VALUE FOR SHAREHOLDERS

The past three years have seen the businesses adapting to a stronger Rand. The benefits of the multiple management actions underway are increasingly reflected in the financial results. Operating profit, headline earnings, return on capital employed and dividends more than doubled in 2005.

An extensive strategic review to further enhance shareholder value, building on the achievements of the last two years and the ongoing actions to increase earnings in all operating companies, has been completed. This resulted in a board decision to embark on the unbundling of the Group's 50 percent interest in Hulett Aluminium (Hulamin) to Tongaat-Hulett shareholders, the listing of Hulamin and the simultaneous introduction of BEE equity participation in both Tongaat-Hulett and Hulamin.

Tongaat-Hulett has made significant strides in the areas of employment equity, preferential procurement, skills development, enterprise development and community involvement. The unbundling will create the opportunity to attract value-add broad based BEE equity partners into Tongaat-Hulett and Hulamin.

The unbundling of Hulamin will increase Tongaat-Hulett's focus on its core businesses, thereby creating further opportunities to enhance operating performance, increase benefits from the overlaps and synergies, improve delivery on growth opportunities, unlock value from its land holdings and take advantage of the changing global sugar dynamics.

Tongaat-Hulett has developed the Hulamin business over the past 30 years. The last 10 years have seen it being guided through the significant expansion of the rolled products business. It has undergone a major transformation into a successful independent niche aluminium rolled products and extrusion company. The business now has the requisite critical mass to prosper on a focused, stand-alone basis, with numerous growth opportunities.

The unbundling will provide direct access to two attractive investment vehicles, with clear information on these two entities and their prospects. Research on the JSE Securities Exchange has shown that unbundled companies tend to outperform their peers, everything else being equal, through enhanced operational performance, management accountability, capital allocation and a focused investment case. Earnings drivers and growth opportunities will be clearer and valuations will be better informed, attracting more investors.

FINANCIAL RESULTS FOR 2005

Tongaat-Hulett generated revenue of R6,9 billion in 2005 (2004: R6,3 billion). Operating profit generated off this revenue increased by 104 percent in 2005 to R730 million (2004: R358 million). Each operating company's performance is detailed in this report, in the sections that follow. Headline earnings of R466 million were recorded, an increase of 126 percent over the R206 million in 2004.

Operating profit includes valuation gains and losses on financial instruments, the major element of which was a R14 million gain in 2005 on foreign cash (2004: loss of R47 million). There is an ongoing process to reduce exposure to valuation adjustments.

Net financing costs have reduced, as a result of various factors, including lower interest rates, the African Products Kliprivier expansion funding structure having run to completion during 2004 and lower maize finance costs.

The tax charge includes the benefit of the one percent reduction in the South African corporate tax rate and the consequent R28 million release from the deferred tax provision in 2005.

Tongaat-Hulett's return on capital employed in 2005 increased to 11,1 percent from 5,5 percent in 2004, which is in line with the doubling of profits.

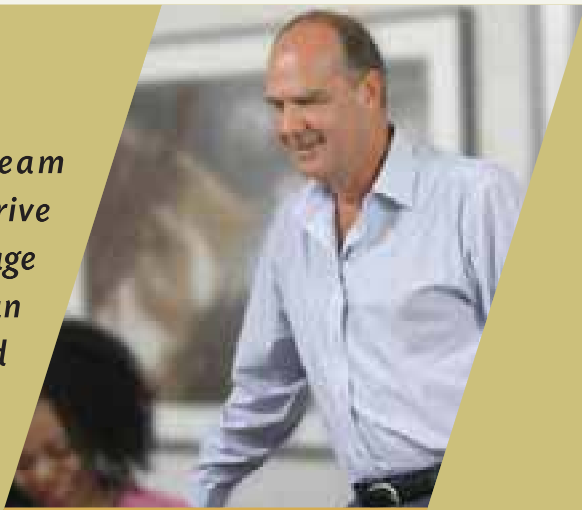
The balance sheet at 31 December 2005 has remained substantially the same as at the end of 2004. Positive cash flow before dividends of R454 million was generated (2004: R93 million).

The board has declared an annual dividend of 400 cents per share for 2005 which is a 135 percent increase over the prior year (2004: 170 cents per share).

Tongaat-Hulett has converted to reporting under International Financial Reporting Standards (IFRS) for the year ended 31 December 2005. There are two main items

BRUCE DUNLOP
Managing Director, Tongaat-Hulett Sugar

The Lead Team continues to drive change and manage transition with an action orientated and task-based approach.



NICO KRUGER
Managing Director, African Products

PETER STAUDE
CHIEF EXECUTIVE OFFICER

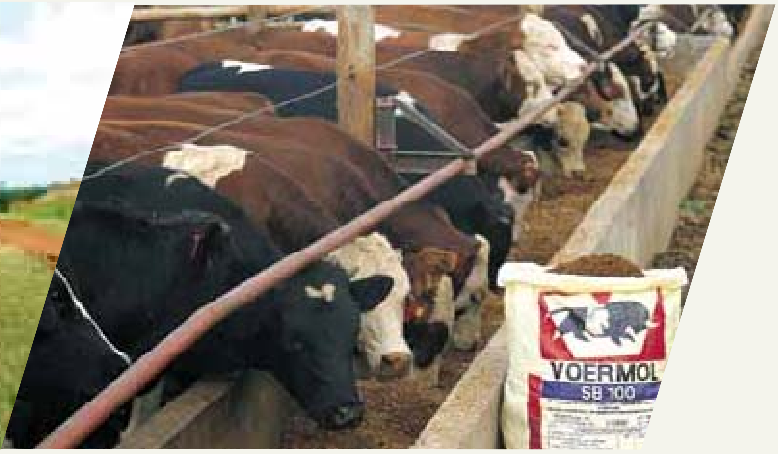
ALAN FOURIE
Managing Director, Hulett Aluminium

STEVEN SAUNDERS
Chairman, Tongaat-Hulett Sugar and Moreland

GORDON HIBBERT
Managing Director, Moreland

MURRAY MUNRO
Group Financial Director

MENANTEAU SERFONTEIN
Group Human Resources Director



to highlight. Triangle Sugar Zimbabwe continues to be accounted for on a dividend receipt basis, as the assessment of effective operational and financial control does not meet the criteria for consolidation in terms of IFRS. The charge to the income statement under IFRS for the year ended 31 December 2005 in respect of the share incentive schemes was R13 million after tax (2004: R8 million).

OPERATING COMPANY PERFORMANCE

TONGAAT-HULETT SUGAR

Tongaat-Hulett Sugar is well positioned for growth, benefiting from the execution of many earnings enhancing actions, a new world sugar regime and favourable global sugar fundamentals.

The deregulation of world sugar markets is presenting exciting growth opportunities for Tongaat-Hulett Sugar. The next few years will offer major opportunities for expansion of the company's low cost production at a time when the EU is reforming its sugar market and when there is increasing pressure for fairer trade in agricultural products. These developments will underpin the world market sugar price. Further significant opportunities exist in the areas of electricity co-generation and the expansion of ethanol production as a bio-fuel.

Growing Earnings

Tongaat-Hulett Sugar's earnings growth accelerated in 2005 with operating profit increasing by 183 percent to R232 million (2004: R82 million). In addition, a dividend of R19 million (2004: R51 million) was received from Triangle Sugar in Zimbabwe, which continues to operate profitably in a difficult environment.

Sales volumes in South Africa were 474 000 tons (2004: 464 000 tons) and raw sugar export volumes increased by 33 percent to 387 000 tons (2004: 292 000 tons). Increased production volumes contributed to lower costs per ton. This, together with improved sales volumes and higher export realisations, has increased margins. The 2005 results include an effective world sugar price of 8,98 US c/lb (2004: 7,27 US c/lb), which is well below the current price of around 17 US c/lb.

The benefits of actions taken to enhance earnings are increasingly being realised. These include rationalisation of milling capacity, reduction in milling costs, cane procurement projects, the new white sugar milling technology, head office closure, leveraging the Huletts® brand and other refining value chain initiatives.

Production

Total sugar production in 2005 increased to 1,16 million tons, 7,3 percent up on 2004. The total cane crush of 9,9 million tons in 2005 represents 76 percent of installed capacity compared to 72 percent in the 2004 year.

Tongaat-Hulett's sugar production in South Africa of 753 000 tons was four percent up on the 723 000 tons produced last year but still below the longer term average. In November 2005 the first sugar from the new white sugar technology plant was produced at Felixton. Tongaat-Hulett Sugar's technological leadership again resulted in it outperforming the industry average measured in terms of critical sugar recovery benchmarks.

Good growing conditions in Swaziland resulted in Tambankulu Estates producing a record raw sugar equivalent of approximately 56 000 tons, compared to 50 000 tons in the 2004 season. The 17,3 tons sucrose per hectare harvested confirms the estate's world-class status.

Triangle's sugar production increased to 236 000 tons, 6 percent up on the previous year despite the continued difficulties of operating in Zimbabwe.

In Mozambique the rehabilitation of the Mafambisse and Xinavane sugar estates continued in 2005 with sugar production increasing by 35 percent to 115 000 tons compared to 85 000 tons in the 2004 season following improvements in cane yields, cane quality and factory recoveries.

In terms of installed milling capacity, Tongaat-Hulett Sugar is capable of producing 1,5 million tons of sugar per annum compared to the 1,16 million tons produced in 2005. Plans are in place to continue to optimise capacity utilisation in South Africa. In Mozambique, the planting of new areas under cane and the maximisation of yields is progressing with the target capacity of 156 000 tons sugar expected within the next three years. Further expansion of the operations in Mozambique is being contemplated to take advantage of the country's preferential exports into Europe from 2009 onwards when Least Developed Countries (LDC's) will enjoy duty free access.

Domestic Markets

One of the foundations of Tongaat-Hulett Sugar's success remains the powerful Huletts® brand. In 2005 it was voted by an independent survey as the second most admired food brand in South Africa, measured in terms of loyalty and weighted by awareness as well as trust and confidence. The brand offers a total sweetener solution including a range of high intensity sweeteners.

In South Africa, local market sales at 474 000 tons show an increase of two percent over the prior year. Domestic stock holdings at December 2005 have decreased by 20 percent to 156 000 tons.

Progress continues to be made by sugar producers in Mozambique to secure the domestic market against illegal imports.

The hyper-inflationary environment in Zimbabwe is having to be managed with frequent and inflation-linked sugar price increases implemented to protect operating margins.

Voermol Feeds, the molasses and bagasse-based animal feeds 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. Its contribution to Tongaat-Hulett Sugar's earnings in 2005 was similar to that of the previous year.

International Markets

Export market prices in Rand terms in 2005 were approximately 18 percent above those prevailing in the 2004 year due to the increase in the world sugar price. Export sales at 387 000 tons show a 33 percent increase over 2004 with export stocks on hand at the end of December 2005 decreasing by nine percent to 127 000 tons.

There has been upward pressure on the world market price for sugar which has risen over the past year. This has been underpinned by positive fundamentals including:

- The reform of the EU sugar sector,
- Deregulation of world sugar markets and pressure within the World Trade Organisation (WTO) for the removal of agricultural subsidies,
- A current deficit in world sugar production against world consumption growing at two percent per annum,
- Higher international oil prices resulting in sugar being diverted to the production of fuel ethanol and concern over crystallisable capacity, and
- Generally high commodity prices in a weaker US dollar environment.

The EU is in the process of reforming its sugar sector so as to enhance its competitiveness, strengthen its negotiating position in the EU and to keep within its existing WTO commitments. The reforms will take effect from July 2006 and will remain in place until 2014/5.

These changes will result in the institutional price of sugar in the EU dropping by 36 percent over a four year period. The reform package will include restructuring assistance to beet producers and processors to encourage factory closures and the surrendering of quota as well as transitional aid to refiners. Although over time the prices enjoyed by ACP Sugar Protocol beneficiaries and LDC's, in terms of the Everything-but-Arms initiative, will be lower than prevailing prices, the additional access afforded to LDC's once duties are phased out in 2009 as well as an expectation of a higher international price following reform of the EU sugar sector will present opportunities for Tongaat-Hulett Sugar's operations in the region.

Growth and Investment Opportunities

New opportunities are presenting themselves to broaden product offerings after a period of research and development going back seven years. These include better utilisation of sugar cane's constituent fibres and juice, with products such as crystalline and liquid fructose, high fructose cane syrup and a range of fermentation technologies.

Tongaat-Hulett Sugar has piloted the technology to produce high quality white sugar directly from raw cane juice, eliminating the need for refining. In November 2005, a plant using this technology was partially commissioned at the Felixton sugar mill. This is opening the way for major shifts in the approach to sugar milling and refining. Marketing initiatives are underway, with significant potential equity and royalty opportunities for Tongaat-Hulett Sugar.

Globally, sugar cane's biomass is increasingly being acknowledged as a partial answer to greenhouse gas emissions and global warming. Many countries have already legislated for a renewable energy component in their national energy strategies and others are contemplating such a move, South Africa included. Electricity generation and fuel ethanol are two examples.

Tongaat-Hulett Sugar is increasingly seeing opportunities in environmentally sustainable energy generation from sugar cane. Recent developments include negotiations with Eskom and other third parties regarding the trading in renewable energy power and the expansion of ethanol production for use as a bio-fuel. These initiatives are certain to grow in significance given sugar cane's sustainable and renewable properties. A myriad of downstream and beneficiated products could become feasible with investment in new approaches and coordination of research. This has economic, environmental and social advantages for the development of cane as a natural resource.

The deregulation of international sugar markets provides the opportunity to further expand operations in Mozambique beyond 156 000 tons as sugar production moves away from high cost producing regions of the world. Xinavane is arguably one of the best placed sugar mills to benefit, with ideal irrigated growing conditions, high cane and sucrose yields as well as being close to an export harbour at Maputo.

Prospects

The world market sugar price is currently trading at a higher level, propelled by positive sugar fundamentals contributing to a positive outlook for world sugar prices. This, together with the benefits of the earnings enhancing actions, is expected to increase profits considerably in 2006. The focus on renewable energy, both domestically and internationally, will offer Tongaat-Hulett Sugar opportunities going forward to better utilise the bio-mass of sugar cane.

AFRICAN PRODUCTS

African Products has continued its profit recovery and has re-organised itself to increase its competitiveness. High value product development remains a key component in the business strategy, with exciting developments currently underway.

Operating profit improved to R112 million (2004: R61 million) through an increase in domestic volumes and lower maize costs. These results have been achieved against significant import competition, low co-product prices and a volatile maize price.

An organisational restructuring was undertaken during the year, as part of the ongoing process to ensure operations are able to respond to the competitive environment, the benefits of which will be realised from 2006. Attention has been focused on advancing African Products' skills profile.

The area of agri-processing provides numerous opportunities, with Tongaat-Hulett Sugar's and African Products' resources complementing each other. These opportunities include new products and applications from current agricultural raw materials, as well as from alternative raw materials. Using the current business base, there is the possible production of unique modified starches or syrups, pharmaceutical intermediates, bio-chemicals and ethanol. Other options include the processing of materials such as cassava, wheat, sorghum, guar and chicory for products and markets that range from depressants for the mining industry to animal feed formulations, inulin and prebiotics.

Maize Procurement

The new maize procurement and product pricing model is in operation. Maize is priced at the time when the product price is agreed with customers. There is no exposure to a priced maize position and therefore no risk of maize price valuation adjustments affecting profitability. Physical maize supply is delinked from maize pricing.

The South African maize market has experienced a year of uncertainty. The maize price, after reaching low levels early in 2005, rose strongly to levels close to import parity late in the year. The partial counter to a higher maize price arises through the simultaneous increase in co-product prices. The factors that caused this latest spike in the maize price include an overestimation by the market of the crop size, with a crop now estimated at 11,5 million tons, late rains and uncertainty by farmers over the area to be planted for the 2005/6 growing season. Continuing with its back-to-back pricing model, African Products has priced 33 percent of its maize requirements for 2006.

Local Market

African Products' efforts to recover market share against imported product were successful in 2005, after a decline in sales in 2004. Prime product sales in 2005 showed a growth of 3,9 percent above 2004 with one percent of this growth attributable to the recovery of business lost to imports, while the balance can be ascribed to underlying organic market growth and new business development initiatives. Going forward, positive volume growth is expected on the back of underlying organic growth, new business development projects and further initiatives to combat imports.

The ongoing strength of the Rand has resulted in sustained pressure from imports, particularly in respect of customers' finished goods volumes. This was evident in the sale of glucose to the confectionery industry which showed a decline of 4,7 percent due to the continued growth in imports of confectionery products. African Products, with its installed capacity, is well placed to benefit from recoveries in those sectors fighting imports, together with tackling growth opportunities in other sectors.

Export Markets

African Products is seen as a producer of high quality products. In relative terms it is a large exporter, exporting about 12,5 percent of its production while the entire US wet-milling industry only exports approximately 4 percent of its prime product production.

Export volumes were 5,5 percent above 2004 although contributions continued to be suppressed by the strong currency and high freight charges.

International Trends in Starch and Glucose

The trend in China of significant increases in wet-milling capacity is continuing. This has resulted in increased capacity being available to export, although expectations are that this will be consumed by domestic consumption over the next few years. Export prices from China have increased throughout 2005 due mainly to increased freight rates and higher energy costs.

Prices for starch and glucose, especially those derived from cassava, increased during the year due to drought conditions in Thailand. Towards the end of 2005 however, these prices have reduced as more cassava root became available.

The trend of plant consolidation, especially in Europe and the US continues. African Products has been successful in continuing to fend off increasingly aggressive competition from foreign suppliers in 2005.

Cost Management

Cost management continues to receive attention. Significant improvements were achieved in the recovery efficiency at the two larger mills, with the Kliprivier mill improving its yields from 95,0 percent to 96,4 percent.

Major focus is being placed on reducing the cost of storing maize and ensuring the non-genetically modified status of maize. During the 2005/6 season 27 000 tons of maize has been stored in silo bags. The efficacy of this system will determine further initiatives in 2006/7. Plans to reduce maize storage costs will be expanded with a positive impact on landed maize costs.

New Business Development and Growth Projects

African Products continues to pursue attractive opportunities to develop new products to add to its range of higher value products. Considerable success has been achieved in growing sales of mining depressants by 26 percent. With the initial sales of commercial quantities of starch-based adhesives progressing well, it is planned to expand sales in these product lines in 2006. Growth in adhesives in 2005 was 123 percent.

Full-scale agricultural trials of a starch-based hydropolymer product are currently underway, with results expected by mid-2006. This product is capable of absorbing up to 400 times its own weight in water and in a soil environment will re-release this water to the plant roots. It has applications in many aspects of agriculture, improving yields, nutrient availability to plants and reducing water consumption. It is particularly attractive in a water poor country such as South Africa.

Prospects

Positive volume growth is expected on the back of underlying organic demand growth, together with further initiatives to combat imports. Plans to reduce maize storage costs will be expanded with a positive impact on landed maize costs. To a large extent, the overall outlook for African Products is dependent on the maize price level for the period from now until the end of 2006 and current maize prices will result in some margin pressure.

MORELAND

Moreland has continued to accelerate development of Tongaat-Hulett's prime land holdings, capitalising on its property development platform in a favourable property market. Operating profit increased by 28 percent to R231 million (2004: R181 million).

Strong Contributions from all Portfolios

With continuing keen interest in property, particularly on the KwaZulu-Natal north coast, Moreland has been able to achieve strong performances across its resort, residential, commercial and industrial portfolios. This is despite serviced stock levels being low due to delays in government planning approval processes.

A long awaited upturn in the industrial land market started in 2005 and all industrial sites in the Briardene and Mt Edgecombe Old Mill developments have now been sold. Sales were also achieved at the Canelands Industrial Park at La Mercy and Bridge City, which is situated between KwaMashu and the Phoenix Industrial Park. More than 40 hectares of platformed land at RiverHorse Valley Business Estate were sold during the year. The first phase of the project has been completed and the servicing of a further 30 hectares is being accelerated to meet market demand during 2006.

The mixed-use and new urbanism development concept at Umhlanga Ridge New Town Centre is being well received by the market and is achieving a good development balance. The first phase of the development has been sold out with more than 120 000 bulk square metres, including retail, offices and more than 1 000 apartments, under construction. Take-up of new phases and additional bulk on sold sites is increasing which is an indication of growing demand for space.

All sites in the La Lucia Ridge Office Estate have been sold and buildings have been substantially completed which represents development of some 180 000 square metres of prime office space, with minimal vacancies.

The residential portfolio posted record sales with the 100-unit La Lucia Ridge Executive Village site providing the major contribution. The first phase of the Izinga residential development was sold out. Several large sites at Ilala Ridge are under negotiation, which should see the sell-out of all developments in La Lucia during 2006.

The Zimbali Coastal Resort joint venture with IFA recorded another good performance with particular focus on sales of cluster unit sites. IFA finalised its acquisition of the site

for its 150-room, international five-star Fairmont hotel with construction scheduled to commence in the latter half of 2006.

A Sustainable Pipeline of Developments

Key economic variables for property remain favourable. This should be underpinned by government's commitment to drive economic growth via infrastructural investment, possibly including the King Shaka Airport and Dube Tradeport at La Mercy and in preparation for the 2010 Soccer World Cup.

A sustainable pipeline of developments is being fast-tracked to sustain earnings and unlock value from Tongaat-Hulett's land holdings, which are under pressure from urban expansion. Further phases of existing developments should be approved in the first half of 2006.

Three major roads were opened within the last fifteen months, which have afforded greater access to, visibility and awareness of Moreland's developments:

- Queen Nandi link road/N2 interchange – RiverHorse Valley Business Estate
- Sibaya N2/M4 interchanges – Umdloti
- M4 coastal freeway – Zimbali

To address the general shortage of prime serviced industrial land in the greater Durban area, earthworks and servicing are being accelerated at RiverHorse Valley to bring additional serviced stock to the market early in 2006. New industrial developments are being planned at Cornubia and Shongweni. A limited number of high value office sites are to be launched at Umhlanga Triangle in 2006 to meet demand.

Substantial progress has been achieved in respect of planning and government approvals for new developments which will provide adequate stock across all portfolios for the foreseeable future.

- Zimbali Lakes – the 1 000-unit development will incorporate the Gary Player designed golf course and construction, funded by IFA, will commence during 2006.
- Sibaya Umdloti Resort – this will be triggered by the finalisation of the conditional sales of three sites for development of hotel and holiday apartments.
- Cornubia – mixed-use node incorporating affordable housing development opportunities in partnership with government.
- Kindlewood residential development – 600 residential units at Mount Edgecombe South.
- Umhlanga Triangle – 3 000 residential units and 250 000 square metres of mixed-use bulk land which is underwritten by the conditional sale of the site for the recently announced Marriott International Hotel.
- Izinga at Umhlanga Ridge – further phases of the 2 000 unit residential development to be launched in 2006.
- Shongweni – situated on both sides of the N3 freeway between Durban and Johannesburg which would contribute to government's recently announced N3 development corridor initiative.

Moreland continues to engage with local and provincial governments to provide for a balance of mixed-use and mixed-densities within future developments, whilst facilitating the release of land for affordable housing and ensuring government is providing more extensively for bulk infrastructure.

Opportunities to expand Moreland's business model downstream beyond land development are being explored. The investment in Afrisun KZN, bond facilitation and establishment of Zimbali Estates Agency have been the first steps taken in this process.

Prospects

With anticipated approvals for key developments and increased serviced stocks, the imminent conclusion of four large transactions, coupled with the continuing favourable market conditions and government's commitment to infrastructure investment to unlock economic growth, Moreland should achieve another good performance in 2006.

HULETT ALUMINIUM

Hulamin is capitalising on its competitive position as a niche producer in an increasingly consolidated industry. The listing of Hulamin will be a further step in its transformation. The strategy of increasing earnings through significantly growing volumes, optimising the product mix and lowering unit costs continues, with the resultant enhanced return on capital employed. The progress made in 2005 is reflected in operating profit increasing by 113 percent to R319 million.

Enhancing the Sales Mix

Hulett Aluminium is well positioned with market opportunities that are well in excess of available capacity. This allows optimisation in the allocation of available capacity to the most profitable market opportunities. Important contributing factors are competitive equipment capabilities, a well-developed technology base, sound relationships with customers demanding sophisticated products and a reputation as a responsive supplier. As an advantage over its larger competitors, Hulamin is able to maintain higher proportions of premium value products in its product mix without impacting on market prices.

Hulett Aluminium has developed a sales mix optimisation methodology to maximise earnings and continually seeks to produce higher margin and more technically demanding products. In many of these premium market sectors, industry consolidation has reduced the number of competing suppliers to a few major producers. The diversity and range of customers in these sectors creates numerous opportunities for Hulett Aluminium to establish mutually beneficial supply relationships with technically sophisticated and demanding end users.

Actions have been taken in recent years to grow the consumption of both extruded and rolled aluminium in the South African market. This has yielded solid growth in 2005, ranging from nine percent in extrusions to 19 percent in the rolled products markets. These increased volumes into the local market were achieved on the back of improved exports by local customers and sustained local economic growth. In the South African market, there are many applications where aluminium is replacing other materials such as wood, plastics, steel and other metals. Significant market growth was achieved in the road transport and automotive sectors, where aluminium is now widely used for dry bulk tankers, cargo vans, tippers and many specialised vehicles, as well as in automotive components such as radiators and condensers, where rolled aluminium has almost completely replaced copper.

Hulamin has increased its sales of more demanding, higher value products in international markets in 2005. Sales of Treadbright®, a mirror finish tread plate product grew by 27 percent, capitalising on the successful distribution channel that has been developed over the past twenty years. Sales of coated can end stock, used in the manufacture of beverage cans, increased by 33 percent. Further growth in can end stock sales is planned in 2006 and beyond, as improvements to coil coating facilities are completed and the accelerated qualification process with new customers in 2005 converts into profitable sales. Hulett Aluminium is well placed in this market to build on its established position as a top tier producer to develop high value, specialised products.

The business will continue with its initiatives to enhance its sales mix. A plate plant expansion, which will increase high margin heat-treated plate capacity by 50 percent, is progressing well and will come on stream in the second half of 2006.

Growing Volumes

Hulett Aluminium progressed well in growing volumes and improving capacity utilisation in its Rolled Products business in 2005. Sales volume growth of 20 percent to 173 000 tons was achieved on the back of continuing enhancements in the remelt facility and improvements in hot and cold mill performance. This was accomplished despite poor rolling ingot delivery performance from BHP Billiton

throughout the second half of the year, when on-time arrivals averaged less than 50 percent. A further significant volume increase is expected in 2006 through optimising production at the Camps Drift hot mill and as a result of the confidence gained through exceeding the important threshold level of 180 000 tons annualised for several periods of 2005. Plans are in place to reach a production rate of over 200 000 tons during 2007 with the existing equipment.

Local market demand for extruded products has grown strongly in recent years. Hulett Hydro Extrusions again recorded strong volume growth in 2005. It has commenced a number of capacity expansion projects at the Midrand plant to maintain and grow its market share, including a new powder coating plant. There are good prospects for further growth with this enhanced capability.

Reducing Costs

The Hulamin plant is fully manned and the additional output that is being achieved arises primarily from improved utilisation of the installed capacity. Many of the manufacturing costs are therefore no longer sensitive to output. The combination of relatively static manufacturing costs, despite higher energy prices, and increased production has contributed to significant reduction in rolled product conversion costs per ton in recent years, with a further eight percent reduction being achieved in 2005.

A focused approach to address specific high impact cost improvement projects is also in place with a view to reducing the total manufacturing cost base. Significant cost reductions have in particular been achieved in the areas of melt loss and remelt gas consumption costs where improvements approaching 40 percent have been achieved over the last two years.

The Next Phases of Growth and Investment

After the major capacity expansion in the late 1990's, the current investment philosophy is to optimise existing capacity by improving the sales mix through increasingly high value products. This process is illustrated by the expansion of the plate facility which commenced in 2005. Hulett Aluminium continued to produce plate at full capacity throughout the year and is well placed to capitalise on its reputation in this segment when the new capacity comes on stream in 2006. Within this phase of investment, feasibility studies for other projects to further enhance the product mix are well advanced.

As these projects reach maturity and Hulett Aluminium approaches an optimum sales mix, the focus will be extended to the next phase of growth. This will include the implementation of incremental volume growth projects that are becoming possible as a result of the business delivering the benefits from its initial major expansion.

The initial expansion generated 160 000 tons of additional capacity at a cost of some US dollar 3 000 per ton of capacity installed. This has resulted in a total plant capacity of 210 000 tons. The incremental capacity expansion opportunities that have been identified offer the opportunity to increase the total capacity to more than 250 000 tons with an incremental cost per ton of capacity in the order of US dollar 1 500 per ton.

Further opportunities for cost competitive expansion beyond the above levels have been identified.

Industry Dynamics

The degree of consolidation in the industry is such that, subsequent to Alcan spinning off their rolling businesses into Novelis in 2004, three major multinational businesses control close to 70 percent of rolling capacity in the markets in which Hulett Aluminium competes. This concentration of ownership is resulting in an increasing commitment from customers to support independent rolling mills, such as Hulett Aluminium. As a result, the business continues to have a good forward order book and is well positioned for further growth.

Hulett Aluminium's stature as a customer focused, reliable supplier continues to grow and demand for its products increased in 2005 in line with this improved customer confidence. As a result, Hulett Aluminium is in the position where demand for its products exceeds available capacity. This allows full capacity utilisation and the opportunity to select an optimum product mix, and to continue with Hulamin's sales mix enhancement strategy.

Prospects

Hulett Aluminium expects earnings to increase in the year ahead. Plans are in place to continue growing volumes in 2006, with particular initiatives in the areas of the Camps Drift hot mill, the coating line and the remelt facility. The business will continue to improve its sales mix with growth in the sales of can end stock, automotive products and plate and will continue to focus on costs. This will ensure that the reduction in conversion costs per ton achieved consistently in recent years is maintained.

SUSTAINABILITY

Significant progress is being made in the areas of workplace safety, health and environment, with some notable achievements in 2005.

Substantial improvements have been achieved in safety performance over the past few years with a decrease in the lost time injury frequency rate to 0,31 in 2005, an improvement from 0,46 in 2004 and 1,27 in 2003. Regrettably, one work related fatality occurred in 2005. Tongaat-Hulett has a zero fatalities target and the incident was rigorously investigated and action taken to ensure that there should not be a recurrence of this type of incident.

A comprehensive and holistic health programme underpinned by prevention, treatment, care and support is in place at all operations. Effectively reducing the impact of HIV and AIDS remains a major challenge. Tongaat-Hulett actively encourages employees to participate in voluntary counselling and testing (VCT). During 2005, 49 percent of employees in South Africa, 32 percent in Swaziland and 14 percent in Zimbabwe have presented for VCT and 262 employees received free anti-retroviral treatment compared to 139 in 2004.

Tongaat-Hulett has continued to advance its environmental performance. It is pleasing to report that existing ISO 14001 compliant operations have retained their certification and a number of operations have achieved accreditation during the year. Specific targets are set in line with the ISO 14001 requirements which facilitate meaningful progress towards best practice in sustainable development. Progress has been made to capitalise on sugar cane's capability as a source of environmentally sustainable energy generation. Tongaat-Hulett Sugar mills continue to sell renewable electricity into the national grid and two mills sold electricity to a "green" electricity trader for the first time in 2005.

Tongaat-Hulett is committed to realising value for all stakeholders, 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 corporate governance and their integration into all aspects of its business activities is described in more detail on pages 20 to 33 of this annual report.

BROAD BASED BLACK ECONOMIC EMPOWERMENT

Tongaat-Hulett has made significant strides in the areas of employment equity, preferential procurement, skills development, enterprise development and community involvement.

The proposed unbundling and listing of Hulamin will create the opportunity to simultaneously introduce substantial value-add BEE equity participation into Tongaat-Hulett and Hulamin. This process is currently in the detailed planning phase and one of the key factors will be to design a suitable structure for the transactions. The selection process and criteria for broad based BEE equity partners will take into account relevant stakeholders and the KwaZulu-Natal heritage of Tongaat-Hulett and Hulamin.

Tongaat-Hulett recognises that a diverse human resource base adds greater value in a transforming environment. A strong employment equity culture has been entrenched and action will continue to improve the representation of designated groups with particular focus on Africans, females and persons with disabilities. Action plans are in place to

ensure that the comprehensive and challenging targets that have been set going forward will be met. Currently, almost half of management and nearly 80 percent of skilled and supervisory positions comprise black employees. Throughout the South African operations 55,4 percent of the 668 graduates and diplomates are black employees with women constituting 25 percent. In excess of 3 100 employees participated in training programmes during 2005 and 215 employees participated in Tongaat-Hulett's study aid scheme which is aimed at assisting employees with part time tertiary education.

The objective of BEE procurement is to assist in the promotion of black businesses by ensuring that black suppliers have access to Tongaat-Hulett's supply chain and that procurement is consistent with government strategy on broad based black economic empowerment. Some 400 BEE enterprises supply Tongaat-Hulett and their BEE status is reviewed on an ongoing basis. The total BEE procurement spend for the year of R867 million represents 24 percent of total available spend, a significant increase on the previous year's record spend of R564 million. A highlight of the year was the purchase of R211 million of sugar cane from historically disadvantaged individuals, representing about 22 percent of total South African cane procurement.

CONCLUSION

Tongaat-Hulett is growing earnings in its businesses, having adapted to a stronger Rand. Considerable earnings growth is expected in the year ahead. Earnings enhancing actions are underway throughout Tongaat-Hulett. The changing global sugar fundamentals and the higher world sugar price are positive developments. Continued growth is expected in aluminium rolled product volumes, together with sales mix optimisation and conversion cost per ton reductions. It is ideally placed to capitalise on its growth platform.

At the same time, Tongaat-Hulett is embarking on the process of unlocking further shareholder value through the unbundling and listing of Hulamin and the simultaneous introduction of BEE equity participation into the two substantial, focused and attractive listed entities. Significant preparatory work, including the relevant approvals and regulatory compliance, will be required to implement these initiatives.

The people of Tongaat-Hulett have been through three years of intense challenges and changes, emerging with pride. While it is appropriate at this time to pause and review our accomplishments, our efforts will continue as we grow earnings further and take advantage of the many opportunities that are emerging. I thank them all for their commitment and resolve. This experience will stand us in good stead as we look forward to the exciting journey ahead.

The support that our team has received from the Chairman, Cedric Savage and the board is highly valued. Tongaat-Hulett has benefited from their wise counsel and depth of experience during this past year.

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

17 February 2006

SUSTAINABILITY *Report 2005*

Tongaat-Hulett's aim is to create value for all stakeholders in a manner that is responsible and contributes meaningfully to the social and physical environment in which it operates. The Group is committed to sustainable growth and development and its integration into all aspects of business activities.

Programmes and processes designed to enhance the Group's performance in the areas of broad-based black economic empowerment, safety, health and environment are reviewed by the board of Tongaat-Hulett on a regular basis.

The board has appointed committees which are responsible for employment equity and safety, health and environment. Details of these committees, which are chaired by the CEO, are set out in the corporate governance section and should be read in conjunction with this report. In addition, there are action groups for black economic empowerment and enterprise development, corporate social investment and human resources development.

Tongaat-Hulett was one of the founding constituents of the JSE's Socially Responsible Investment Index in May 2004. The index focuses on adherence to the principles of the triple bottom line of environmental, economic and social sustainability. The confirmation of inclusion in the 2005 index once again recognises Tongaat-Hulett's initiatives and provides an important benchmark for the Group's sustainability reporting.

SAFETY

The continued focus on behaviour based safety systems, visible felt leadership and entrenched safety rules to ensure optimum workplace safety has proved to be beneficial. Substantial improvements have been achieved in safety performance over the past few years with a decrease in the lost time injury frequency rate (LTIFR) to 0,31 in 2005, an improvement from 0,46 in 2004 and 1,27 in 2003. 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 Tongaat-Hulett Sugar where the LTIFR reduced to 0,24 in 2005 from 0,43 in 2004 and 1,26 in 2003. In line with the Group's objective of continually improving safety performance, the targeted LTIFR for 2006 is 0,24.

Regrettably, one work related fatality occurred in 2005 at Xinavane in Mozambique. An employee was struck by a passing vehicle after disembarking from a stationary personnel vehicle. The incident was rigorously investigated and action was taken to ensure there would not be a recurrence of this type of incident. In accordance with standard practice, the details of the incident and the findings have been widely disseminated throughout the Group to increase awareness.

All operating companies 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. Safety rules, standard procedures and safety training are key components of the safety improvement drive.

Behaviour Based Safety

The Group's operations are at various stages of implementing proactive safety culture transformation processes commonly referred to as behaviour based safety systems which are aimed at transforming at risk behaviour to a work culture with a high level of safety responsibility and accountability. Hulett Aluminium and African Products are in the process of implementing a behaviour based safety programme. 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.

Visible Leadership

Management are encouraged to demonstrate visible leadership in safety, health and environment 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 Group's risk assessment processes, high impact SHE risks have been identified and assessed on a group wide basis. The risks include areas such as motorised transport, fire, explosion, air emissions, noise and HIV and Aids. Contingency plans are in place to address identified risks.

Leading Practices

Benchmarking is used to measure standards against leading practice. Relevant information and experience is shared across the Group and the Group 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 Group.

HEALTH

The health of the Group's employees is a priority. Occupational and primary health care programmes are provided throughout the Group at company clinics, first aid centres and at the high quality company hospital in Zimbabwe. Health care programmes include risk assessments, hygiene surveys, risk control measures and medical surveillance.

HIV and AIDS

HIV and AIDS remains a major challenge and, in addition to extensive education and awareness programmes, concerted efforts to address the pandemic continue. The Group encourages employees to participate in voluntary counselling and testing (VCT), setting participation targets in this regard and every effort is being made to effectively reduce the impact of HIV and AIDS. Strategies such as linking VCT to general wellness and medical surveillance programmes have been developed and implemented resulting in substantial progress being made with the number of employees presenting for VCT. During 2005, 49 percent of employees in South Africa, 32 percent in Swaziland and 14 percent in Zimbabwe have presented for VCT. In Mozambique, VCT and HIV and AIDS programmes will continue to be developed in conjunction with the government of Mozambique.

Anti-retroviral treatment (ART) is provided to eligible employees who are not covered by a medical aid scheme offering an AIDS management programme. A total of 262 employees are currently receiving ART compared to 139 in 2004. The effect of these programmes in mitigating the impact of HIV and AIDS on the business is closely monitored.

Occupational Diseases

Active steps have been taken to eliminate occupational diseases with particular reference to noise induced hearing loss, occupational asthma and occupational dermatitis. Occupational health audits have been conducted at all operating companies during the past two years. Priority risks have been identified, appropriate targets set, action plans developed and programmes implemented. Further occupational health audits are planned for 2006, building on the solid platform that has been established.

Malaria

Malaria remains a significant health risk in Mozambique, Zimbabwe and Swaziland. The relevant operating centres have implemented integrated malaria control programmes. These include awareness training, environmental control, indoor spraying with residual insecticides, personal protection and early recognition, diagnosis and treatment of malaria.

ENVIRONMENT

Tongaat-Hulett seeks to responsibly manage natural resources and reduce waste generation. The Group regularly undertakes research 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.

Identifying and managing environmental risks is an ongoing process, with appropriate action taken to either eliminate or minimise the risks concerned. An integrated policy has been implemented for safety, health and environment, which is aligned to the requirements of ISO 14001, OHSAS 18001 and NOSA. Specific targets are set in line with the ISO 14001 requirements which facilitate meaningful progress towards best practice in sustainable development. Significant progress was made during 2005 with the recording of environmental data on emissions, energy consumption and resource conservation. Further progress is planned in 2006. Steps are being taken to explore setting specific and measurable targets in respect of primary water use, energy use, greenhouse gas emissions, air quality (SO_2 emissions), land use and bio diversity.

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 Sugar mills routinely generate renewable electricity for sale into the national grid. For the first time in 2005, two mills sold 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 co-generation of renewable electricity by the sugar industry.

At Hulett Aluminium the tracking of carbon dioxide emissions and all forms of energy consumption is in place. The consumption of liquid petroleum gas per unit of metal melted in the Camps Drift remelt has been reduced by more than 30 percent over the last two years and projects are in place to further reduce energy consumption in all areas of operation.

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 currently underway 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.

Hulett Aluminium uses isokinetic stack surveys to monitor all processes focusing on chlorine, hydrochloride and particulate emissions.

African Products has embarked on a process of reducing greenhouse gas emission by converting from steam generation based on coal to steam generation based on natural gas. This will be done initially at the Germiston mill for co-product drying after which further opportunities will be investigated.

Water

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 agronomic and safety standards.

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.

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 2005 included oil re-use, recycling and re-use of waste products and improvements in dross processing resulting in the recovery of aluminium metal from dross and the reduction in waste.

Food Safety

The Group 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) in terms of quality and food safety standards.

THIRD PARTY CERTIFICATIONS

Hulett Aluminium Rolled Products and Moreland have achieved ISO 14001 certification.

The African Products Germiston, Meyerton and Bellville mills are ISO 14001 certified and the Kliprivier mill is targeting certification in 2006. All the African Products mills have been certified under the Occupational Health and Safety Assessment Series (OHSAS) 18001 except the Bellville mill which is aiming for certification in 2006.

Tongaat-Hulett Sugar's operations in South Africa and Swaziland are ISO 14001 certified and the Mozambique and Zimbabwe operations are targeting certification in 2006. All Sugar operations in South Africa, Swaziland and Mozambique have achieved star ratings under the National Occupational Safety Association (NOSA) integrated safety, health and environment management system. Tambankulu Estates in Swaziland has retained its NOSCAR status (NOSA's premier safety award) for the past three years. The Felixton mill has retained its 5 platinum star rating for the second year and the Maidstone mill and Voermol have achieved 5 platinum stars for the first time in 2005. Four of the other operations achieved four star ratings. Triangle in Zimbabwe is targeting the achievement of a NOSA rating in 2006.

The above systems comprise risk assessment, compliance with systems, standards and procedures, plant audits and incident reporting.

As regards quality management, Hulett Aluminium has achieved accreditation for the prestigious global automotive industry quality standard TS 16949. All African Products operations, Tambankulu Estates, the Sugar Refinery, Hulett Hydro Extrusions and Hulett Aluminium Rolled Products have retained their ISO 9001 Quality Management Systems Certification.

PEOPLE DEVELOPMENT

Superior performance is key to success in a challenging business environment. Programmes are in place at all operations as part of the Group wide 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. 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 which will receive particular attention during 2006 include a further strengthening of performance and talent management. Action plans are developed to address the needs of high performing and highly talented individuals and to deal with performance issues in cases where the 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 in progress. At Hulett Aluminium the investment in skills development exceeds five percent of payroll with the rest of the Group aiming to reach five percent by 2008.

Bursaries, scholarships, trainee programmes and learnerships are sponsored by the Group to assist with sourcing and developing bright young talent in anticipation of future skills requirements. To support this programme, partnerships have been formed with educational institutions. In excess of 3 100 employees participated in training programmes in the South African operations during 2005 and 215 employees participated in the Group's study aid scheme which is aimed at assisting employees with part time tertiary education.

VALUE ADDED ANALYSIS

for the year ended 31 December 2005

Rmillion	2005	2004*
Revenue	6 926	6 298
Bought-in materials and services	(5 156)	(5 024)
VALUE ADDED BY OPERATIONS	1 770	1 274
Dividends and other income	186	263
Exceptional items	6	8
TOTAL VALUE ADDED	1 962	1 545
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	954	881
TO PAY PROVIDERS OF CAPITAL	345	295
Finance costs	98	163
Dividends to ordinary shareholders	247	132
TAX	162	41
RE-INVESTED IN BUSINESS	501	328
Depreciation	265	230
Retained earnings	236	98
	1 962	1 545

* Restated for IFRS

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 Group. 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. Knowledge Mapping, a proprietary software system that captures the combined knowledge of the organisation on specific products or subjects, is extensively applied at Hulett Aluminium to assist in the management of intellectual property.

BROAD BASED BLACK ECONOMIC EMPOWERMENT

Transformation and the creation of a diverse employee profile remains a key performance area and Tongaat-Hulett's track record has been outstanding. Steps are being taken to ensure that processes and measurements within the Group are aligned with 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.

The proposed unbundling and listing of Hulamin will create the opportunity to simultaneously introduce substantial value-add BEE equity participation into Tongaat-Hulett and Hulamin.

Employment Equity

A strong employment equity culture is entrenched throughout the Group with almost half of management and nearly 80 percent of skilled and supervisory positions comprising blacks. Throughout the South African operations 55,4 percent of the 668 graduates and diplomates comprise black employees with women constituting 25 percent. In the Financial Mail 2005 BEE Survey, Tongaat-Hulett was ranked seventh overall for employment equity. Concerted steps continue to be taken across operating companies to expand the racial and gender mix at every level with particular focus on African and female advancement and to increase the number of employees with disabilities.

Employment equity targets have been set with one of the targets being that by 2007, black representation at management level will exceed 55 percent. Action plans are being implemented to ensure that these targets are met. These plans include targeted recruitment and placement, talent and performance management, training and development, coaching and mentoring and managing cultural diversity.

The proportion of blacks in management in 2005 was 48,2 percent, compared to 46,9 percent in the previous year. The following table reflects the year on year progress with black employee representation at various levels across the Group.

	2005	**2004**
Top management	25%	22%
Senior management	37%	36%
Middle management	54%	52%
Skilled and supervisory	79%	78%

The Group has always maintained a constructive relationship with unions, and a general climate of industrial peace has prevailed over the years. Operating companies have recognition agreements with 10 different unions and approximately 60 percent of permanent employees in South Africa are members of unions.

Preferential Procurement

The objective of BEE preferential procurement is to assist in the promotion of black businesses by ensuring that black suppliers have access to the Group's supply chain and that procurement is consistent with government strategy on broad based BEE.

BEE procurement spend is measured across all operating companies and is grouped into three categories - capital equipment, consumables (including raw materials) and services. Over 400 BEE enterprises supply the Group and their BEE status is reviewed on an ongoing basis. Support is provided to BEE companies to improve their prospects of participating in procurement opportunities. This includes pre-tender coaching to enable BEE companies to fully respond to tender requirements. In addition, non-BEE suppliers are encouraged to embark on their own BEE initiatives and their ratings are used as one of the criteria in decisions to award tenders. The creation of these business linkages forms part of the overall preferential strategy to broaden the BEE base and transfer of skills.

The total BEE procurement spend for 2005 of R867 million represents 24 percent of total available spend, a significant increase on the previous year's spend of R564 million. Available expenditure is defined as total procurement spend, less spend on parastatals, key raw materials, inter-company transfers and imported expenditure on goods not available locally. Targeted BEE spend as a percentage of available expenditure is R1 013 million (35,2 percent) for 2006.

Major components of the BEE procurement spend during the year include R211 million of sugar cane purchases from historically disadvantaged individuals. This represents about 21 percent of Tongaat-Hulett Sugar's total cane procurement in South Africa. Other major BEE spend initiatives during the year included R18 million paid by Moreland to Afriscan construction, largely relating to the development work on the Umhlanga Ridge New Town Centre project and R20 million paid to the Grinaker empowerment consortium for the work done on the realignment of the M4 road at Moreland's Zimbali project to integrate the golf course and expand the estate.

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. Over the last ten years, major successful BEE transactions concluded by the Group included the sale of Supervision Food Services, Corobrik Klerksdorp Brick Factory and Hulett-Hydro Extrusion's conductor and wire business.

Hulett Aluminium has played a key role in the establishment of the Business Support Centre in Pietermaritzburg, which has contributed enormously to the development of entrepreneurs as well as job creation in the region.

In order to support the promotion of black businesses, Tongaat-Hulett plans to set up further training facilities to provide practical skills and knowledge to suitable and potential entrepreneurs, as well as to target specific BEE opportunities for black businesses.

The Group has sold some 11 800 hectares to 98 BEE medium scale farmers since the commencement of its programme in 1995 to transfer sugar cane farms to previously disadvantaged emergent farmers. 16 farms were transferred to new owners during the year. This land redistribution programme forms a major component of the Group'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 and cane procurement initiatives from small and medium scale growers in Zimbabwe and Mozambique. Strategies will be developed to include previously disadvantaged and indigenous communities in the broader sugar value chain to reflect the emerging reality of the region in which it operates. These strategies, where appropriate, will include amongst others, ownership, an SME thrust, up-stream procurement, downstream supply chain activity and employment. It is envisaged that this will become a source of competitive advantage going forward.

African Products is exploring involvement in the development of black farmers through participation in

the Buhle Farmers Academy which focuses on the provision of purchasing contracts and training. The first procurement of maize from emerging black farmers was a highlight and has potential for growth as more black farmers participate in agriculture.

Moreland is using its market position to expand the property services market by introducing new entrants in the form of black owned estate agents. Moreland has worked together with the eThekwini/Durban Municipality in public private partnerships such as Ushaka Marine World, the Durban Point development and the expansion of the RiverHorse Valley Business Estate, which has opened up downstream empowerment activities.

Corporate Social Investment

The purpose of the Group's Corporate Social Investment (CSI) policy is to ensure that a constructive contribution is made towards building and enhancing the quality of life of previously disadvantaged communities within the Southern African region. CSI spend is primarily directed at education, health, community skills upliftment, charitable organisations, environmental needs and crime prevention.

In addition to the R5 million donated previously to the Business Trust, a further R2,2 million was donated during 2005 to support the community projects in which the Trust will be involved over the next three years. Community development and charity projects benefited from contributions of R433 000. Funds to the value of R833 000 were directed at education of which R101 000 was used to donate lap desks to schools mainly in rural areas and R94 000 was donated to the Programme for Technological Careers (Protec) which aims to improve the mathematics and science matric results of disadvantaged learners. A contribution of R370 000 was channelled through the South African Sugar Association to promote the sustainable development of disadvantaged sugar growing communities in rural areas through various educational, health, welfare and other developmental projects. An amount of R1,4 million was spent on in-service traineeships for students who require practical training as part of their tertiary education courses.

The donation of funds to worthy projects is complemented by expertise made available by company management. Where appropriate, CSI initiatives are linked with business objectives through a corporate social partnership approach, to ensure that the Group's involvement is in line with community priorities.

The total CSI spend for the year ending 31 December 2005 excluding the cost of in-service trainees amounted to R4,4 million which is in line with the Group's commitment to allocate at least one percent of headline earnings to CSI on a Group wide basis.

The Group has made significant progress in the areas of workplace safety, health and environment as well as broad based black economic empowerment. The Group will continue its active and positive contribution to the social and economic transformation of Southern Africa.

CORPORATE GOVERNANCE

The Tongaat-Hulett Group is committed to conformance with good corporate governance, upholding the principles of openness, integrity, accountability, transparency and social responsibility. The Group continues to support the Code of Corporate Practices and Conduct embodied in the 2002 King Report and believes that it complies, in all material respects, with its provisions.

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

BOARD OF DIRECTORS

The Board Charter, which forms part of the Corporate Governance Manual, 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 Group operates. The Board Charter also details the fiduciary duties and responsibilities of individual directors toward the company.

The Board Charter further addresses the approval of strategy and policies, as well as the selection and orientation of directors. 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.

Thirteen non-executive and eight executive directors, drawn from both genders and a broad spectrum of the business community, make up the unitary board representing a wide range of skills, knowledge and experience, and bringing independent judgement to the board deliberations and decisions. A formal self-evaluation of the board and committees is carried out and the findings are addressed.

The roles of Mr C M L Savage as the 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 election by shareholders at the first opportunity after appointment and thereafter retire from office and are subject to re-appointment at intervals of three years. Retiring directors may be re-elected at the annual general meeting at which they retire. There are no term contracts of service between any of the directors and the company or any of its subsidiaries.

The board of directors is responsible to its shareholders for the performance and the affairs of the company, retaining effective control over the company and giving strategic direction to the Group's management. The levels of authority 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 Group companies.

The board normally meets six times a year, with comprehensive papers on all agenda items. All directors have access to appropriate Group information and to the advice and services of the Group Secretary. Independent professional advice is available to directors in appropriate circumstances at the company's expense.

Attendance of current directors at board and committee meetings during the year ended 31 December 2005

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

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

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

BOARD COMMITTEE STRUCTURES AND RESPONSIBILITY

In accordance with its Charter, the board has approved and delegated authority for specific matters to a number of 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 Group's various businesses. The formal terms of reference and the delegated authority regarding each committee are set out in the Corporate Governance Manual.

Executive Committee

The executive committee consists of all the executive directors and any other member appointed by the board. The current members are P H Staude (Chairman), P M Baum, B G Dunlop, A Fourie, G R Hibbert, G P N Kruger, M H Munro, S J Saunders and M Serfontein, with the Group Secretary, M M L Mokoka, in attendance.

The overall objective of the committee is to assist the Group board in discharging its responsibilities, while acting within the parameters of the agreed authority limits. Matters outside the agreed authority limits are referred to the board, and in circumstances where time is of essence, by way of round robin.

Audit and Compliance Committee

The Audit and Compliance Committee comprises non-executive directors, the majority of whom are independent. The current members are E le R Bradley (Chairman), I Botha, M W King and M Mia. The Chief Executive Officer, P H Staude; the Group Financial Director, M H Munro; the Internal Audit manager, M M Jean-Louis and representatives of the internal and external auditors attend by invitation. The Group 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 the Group has an effective risk management process. Each operating company has its own audit committee, which subscribes to the same Group audit philosophies and reports to the Group 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 the Group's internal and external audit functions are also subject to continuous review.

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 the Group's internal audit function, its reporting line to the chairman of the committee and the fact that the internal auditors have unrestricted Group wide access to all functions, records, property and personnel. While the Group has outsourced the internal audit function to professional firms of public accountants and auditors, co-ordinated by the Group's internal audit manager, the Group'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 Group's written policy.

Risk Committee

Risk management is considered to be a key performance area for line management throughout the Group and attention is focused on the identification of the major risks facing the Group, the risk reduction actions developed to address the major risk areas and the review and auditing of the risk control processes.

While the board is ultimately accountable for risk management in the Group, there is clear responsibility for risk management by operational managers across the Group.

Risk Committees have been operational at each of the Group's operating companies and during 2005 seventeen meetings were held at this level. Operating company risk committees report to the Group Risk

Committee, which normally meets four times a year. The current members of the Group Risk Committee are M H Munro (Chairman), P M Baum, B G Dunlop, A Fourie, G R Hibbert, M M Jean-Louis, G P N Kruger, S J Saunders, M Serfontein and P H Staude, with the Group Secretary, M M L Mokoka, in attendance.

Strategic and business risk management processes, including reputational, compliance, financial and operational risks which could undermine the achievement of the Group's business objectives, are covered by the Group Risk Committee's terms of reference.

The risk management system has been designed to ensure that it is flexible enough to be adapted to the specific requirements of each of the operations. Managers are supported in giving effect to their risk responsibilities through sound policies and guidelines on risk and control management. Operating company management provides ongoing monitoring of company specific risks as well as risks that are considered to have a Group wide impact. Details of the results of such reviews are provided to the operating company risk committee, operating company board, as well as the Group Risk Committee.

Where a particular operation is exposed to a potential risk which could constitute a disaster, recovery plans have been formulated and the necessary resources have been identified to ensure their implementation.

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

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

Safety, Health and Environment Committee

The Group Safety, Health and Environment (SHE) Committee normally meets three times a year. Its members are P H Staude (Chairman), T Chetty, S J M Cleasby, J M Clelland, B G Dunlop, A Fourie, B A Henderson, G R Hibbert, G P N Kruger, R McMartin, M N Mohale, D S Mudly, M Serfontein, W G Streek and D F Timmerman.

The Group SHE Committee reviews the major SHE risks identified by the SHE committees at each of the Group's operating companies 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 Group. 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 twice a year. Its current members are P H Staude (Chairman), J Bhana, S Bhayat, N P Dingaan, B G Dunlop, A Fourie, B R Gumede, G R Hibbert, M M Jean-Louis, G P N Kruger, C V Macu, M M L Mokoka, M Mia, M N Mohale, T K Mshengu, N R Nyandeni, S J Saunders and M Serfontein.

The broad composition of this committee ensures that it benefits from Group wide experience and expertise in achieving its objectives. Its main objective is to set targets and review progress throughout the Group on all employment equity related matters, and, where necessary, to make recommendations to the board on the implementation of the Group's 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.

Remuneration Committee

The Remuneration Committee which normally meets three times a year, is chaired by an independent non-executive director and comprises only non-executive directors. The current members are L Boyd (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 Group's reward philosophy, which has been approved by the board, is formulated to attract, motivate and retain directors, executives and employees needed to run the Group 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 Group's incentive schemes. Independent external studies and comparisons are used to ensure that compensation is market related and linked to both individual performance and the performance of the Group.

Nomination Committee

The Nomination Committee, which comprises only non-executive directors, meets as required. Its members are L Boyd (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 in the boardroom and support strong corporate performance. The committee leads that process and makes recommendations to the board, ensuring that there is a diversity of experience and backgrounds to create a cohesive and effective board.

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 Group 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 Group and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in an appropriate manner which is above reproach.

The Group'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. Individual operational budgets are approved by the operating boards, while the Group budget is reviewed and approved by the Group 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 Group 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 Group.

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 in the prescribed manner. Appropriate action has been taken in respect of all instances of non-compliance with the Code by employees, reported during 2005.

EXECUTIVE DIRECTORS' REMUNERATION

Basic Salary

The cash package of the executive directors 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, which are set each year on an individual basis for each executive director, 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 targets. Overall safety performance is also an important factor in bonus determination. An individual's bonus payable in any year will not exceed 50 percent of the annual cash package.

Share Incentive Schemes

Recent developments in the regulatory environment and best practice in local and global share schemes required that the company's original share option scheme be reviewed in 2005. This original share option scheme was discontinued, with the previous awards continuing to run their course and no new awards being made.

A set of new share incentive schemes was adopted in 2005 comprising the Share Appreciation Right Scheme 2005 (SARS), Long Term Incentive Plan 2005 and Deferred Bonus Plan 2005. The schemes were approved at the annual general meeting of shareholders in April 2005, following the circulation of a detailed explanation of the workings, rules, limits and performance conditions of these schemes.

Under these new schemes, executive directors 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 new share schemes qualify for a tax deduction by the company.

Details of the schemes and awards made in 2005, after approval by the Remuneration Committee and the board, are detailed in the notes to the annual financial statements.

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 expected combined value of awards.

It is expected that the schemes will strengthen the alignment of shareholder and management interests and assist in the attraction, retention and appropriate reward of management.

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 Group board, board committees and operational boards. Directors' fees are recommended by the Remuneration Committee and submitted to both the board and the shareholders for approval.

THIRD- PARTY MANAGEMENT

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

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 or officer 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 Group 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 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 Group continues to operate or has determined to enter. The Group 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

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

Cedric (67) joined the Tongaat-Hulett Group in 1977 as Managing Director of Tongaat Foods becoming Executive Chairman of Toncoro Limited in 1985. He was appointed to the Tongaat-Hulett Group Board in 1981, serving as Chief Executive from 1991 to 2000. 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, Datatec and Kumba Resources.

INDEPENDENT NON-EXECUTIVE DIRECTORS

L Boyd

Non-Executive Chairman, Datatec Limited and Imperial Holdings Limited
Chart Eng, Fellow of The Instit. of Met (UK), Companion, The Instit. of Management (UK)

Leslie (68) retired from executive duties as Executive Vice-Chairman, Anglo American plc, Deputy Chairman, Anglo American Corporation of South Africa Limited, Chairman, Anglo American Industrial Corporation Limited, Anglo American Platinum Corporation Limited, AECI, Allied Technologies Limited, Columbus Joint Venture, Highveld Steel and Vanadium Corporation Limited. He was appointed to the Tongaat-Hulett Group Board in 1989.

E le R Bradley

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

Elisabeth (67) 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 Group Board in 1987.

M W King

Director of Companies
CA (SA), FCA

Michael (68) retired from executive duties as Executive Vice-Chairman, Anglo American plc, in 2001. He was previously the Deputy Managing Director of the merchant bank, Union Acceptances, and left to join Anglo American Corporation in 1974, becoming Executive Deputy Chairman in 1997. He serves as Non-Executive Director on various Boards and was appointed to the Tongaat-Hulett Group Board in 1980.

M Mia

Deputy Chairman, Fasic Investment Corporation and Director of Companies

Mac (58) is founder member of Fasic Investment Corporation which has interests in Fasic Africa Limited. Formerly the Managing Director of New Republic Bank, he currently runs his own financial consultancy business. He was appointed to the Tongaat-Hulett Group Board in 1996.

T H Nyasulu

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

Hixonia (51) has also been a Director of various JSE-listed companies since the early 1990's and was appointed to the Tongaat-Hulett Group Board in 2000.

R H J Stevens

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

Russell (65) is the founder and Chairman of the Three Cities Group, CEO and shareholder 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 company of the Group. He was appointed to the Tongaat-Hulett Group Board in 1977.

NON-EXECUTIVE DIRECTORS

D D Barber

Finance Director, Anglo American Corporation of South Africa Limited
FCA (England & Wales), AMP (Harvard)

David (53) spent 20 years with the Anglovaal Group and was Executive Director Finance at the time of its unbundling. After a short tenure as Chief Financial Officer at Fedsure Holdings, he joined the Anglo American Corporation of South Africa Limited as Finance Director in 2002. He was appointed to the Tongaat-Hulett Group Board in 2002.

P M Baum

Chairman and Chief Executive Officer of Anglo American's Ferrous Metals and Industries division,
Member of Anglo American plc's Executive Board
BCom LLB, Higher Diploma in Tax Law

Philip (51) joined Anglo American in 1979 and has worked in a variety of positions. He was Chief Executive of Anglo American Zimbabwe from 1996 to 2001 and was appointed an Executive Director of Anglo American Corporation in 1997. In 2001 he was appointed Chief Operating Officer of Anglo American Corporation and took up his current position in 2003. He was appointed to the Tongaat-Hulett Group Board in 2003.

I Botha

Chief Financial Officer, Anglo American's Ferrous Metals and Industries division
CA (SA)

Ian (34) joined Anglo American Corporation of South Africa Limited in 1996 and after a short tenure with Lazard (Australia) in 2001 he re-joined Anglo American plc in 2001 as Vice President, Corporate Finance and took up his current position in December 2003. He was appointed to the Tongaat-Hulett Group Board in February 2004.

B E Davison

Non-Executive Chairman of Anglo Platinum Limited,
Executive Director, Anglo American plc
(retired effective 31 December 2005),
Chairman, Anglo American's Ferrous Metals and Industries division
(retired effective 31 December 2005)
BA (Law & Economics), Dip. Advanced Financial Management, A.E.P.

Barry (60) was employed by Johannesburg Consolidated Investments Company Limited (JCI) in 1968 as an investment analyst. He worked in various financial and general management positions within the JCI Group before being appointed Managing Director of Anglo American Platinum in May 1995, Executive Chairman in May 2001 and Non-Executive Chairman in July 2004. He was appointed to the Tongaat-Hulett Group Board in May 2004.

J B Magwaza

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

JB (63) joined the Tongaat-Hulett Group 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 Group Board in 1994. He retired in 2003 but remains on the Board in a non-executive capacity.

A M Thompson

Head of New Business Development, Anglo American's Ferrous Metals and Industries division
BSc (Civil Eng), MBA

Andrew (48) spent 18 years in Anglo American's paper and packaging businesses, culminating in his tenure as CEO of Mondi South Africa from 1999 to 2004, before taking on his current role. He was appointed to the Tongaat-Hulett Group Board in 2002.

EXECUTIVE DIRECTORS

P H Staude

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

Peter (52) joined the Tongaat-Hulett Group in 1978. In 1990 he became Managing Director of Hulett Aluminium Rolled Products, a subsidiary of Hulett Aluminium, where he was instrumental in leading the transformation of Hulett Aluminium to becoming a significant global player. He became Managing Director of Hulett Aluminium and Chairman of Hulett-Hydro Extrusions in 1996 and Chairman of African Products in May 2000. He was appointed to the Tongaat-Hulett Group Board in 1997 and became Chief Executive Officer in May 2002.

B G Dunlop

Managing Director, Tongaat-Hulett Sugar Limited
BCom (Hons), PMD (Harvard)

Bruce (52) joined the Tongaat-Hulett Group 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 Group Board in 1997.

A Fourie

Managing Director, Hulett Aluminium (Pty) Limited
CA (SA), MBA

Alan (56) joined the Tongaat-Hulett Group in 1979, becoming Financial Manager for Hulett Aluminium in 1983, Financial Director in 1985 and Managing Director of Hulett Aluminium in 2002. He was appointed to the Tongaat-Hulett Group Board in 2002.

G R Hibbert

Managing Director, Moreland Estates (Pty) Limited
BCom, CA (SA)

Gordon (59) joined the Tongaat-Hulett Group in 1972 , becoming Financial Manager of Tongaat-Hulett Sugar in 1978, General Manager of Tongaat-Hulett Properties in 1979 and Managing Director of that company and Moreland Estates in 1982. He was appointed to the Tongaat-Hulett Group Board in 1998.

G P N Kruger

Managing Director, African Products (Pty) Limited
BSc (Chem Eng) (Cum Laude), MSc Microbiology, MBA

Nico (48) joined the Tongaat-Hulett Group in 1982. Following a period working in Tongaat-Hulett Sugar, he became Business Development Director for African Products in 1992. He became Managing Director of African Products in 1995. He was appointed to the Tongaat-Hulett Group Board in 1997.

M H Munro

Group Financial Director
BCom, CA (SA)

Murray (39) joined the Tongaat-Hulett Group in 1992. He has held a number of senior financial, commercial, market and general management positions in the Group's textiles, starch & glucose and aluminium businesses. In the period 1997 to 2003 he was a Market Director and then the Finance and Business Process Development Director at Hulett Aluminium. He was appointed to the Tongaat-Hulett Group Board in October 2003.

S J Saunders

Chairman, Tongaat-Hulett Sugar Limited and Moreland Estates (Pty) Limited
BA (Economics), MA (Agric Sc), MBA

Steven (46) joined the Tongaat-Hulett Group in 1986, working in various Tongaat-Hulett owned companies, which have subsequently been sold. He was appointed Chairman, Tongaat-Hulett Sugar in 1995 and Chairman of Moreland Estates in 2000. He was appointed to the Tongaat-Hulett Group Board in 1991.

M Serfontein

Group Human Resources Director
BCom (Hons)

Menanteau (53) joined the Tongaat-Hulett Group in 1983, becoming Personnel Director for Hulett Aluminium in 1989. He successfully completed the Certificate Programme in Industrial Relations (Wits) and has attended Executive Programmes at Harvard and Columbia Business Schools and Henley Management College. He was appointed to the Tongaat-Hulett Group Board in 1996.

DEFINITIONS

OPERATING PROFIT
Operating profit includes results of operations, Triangle dividend, restructure costs, valuation adjustments and exceptional items.

HEADLINE EARNINGS
Headline earnings are calculated in note 21, in accordance with the South African Institute of Chartered Accountants' Circular 7/2002.

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

OPERATING MARGIN
Operating profit expressed as a percentage of revenue.

RETURN ON CAPITAL EMPLOYED
Operating profit 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.

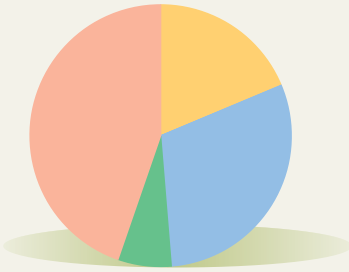
CURRENT RATIO
Current assets divided by current liabilities.

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.

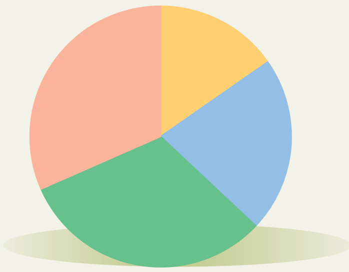
CAPITAL EMPLOYED
Equity, minority interests, deferred tax, long and short-term borrowings and provisions.

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



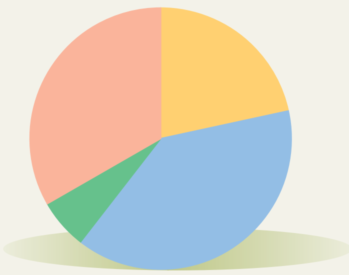
Revenue

African Products	18,7%
Hulett Aluminium (50%)	30,0%
Moreland	6,6%
Tongaat-Hulett Sugar	44,7%



Operating Profit

African Products	15,3%
Hulett Aluminium (50%)	21,7%
Moreland	31,4%
Tongaat-Hulett Sugar	31,6%



Capital Employed

African Products	21,6%
Hulett Aluminium (50%)	38,9%
Moreland	6,2%
Tongaat-Hulett Sugar	33,3%

SEGMENTAL ANALYSIS

BUSINESS SEGMENT ANALYSIS

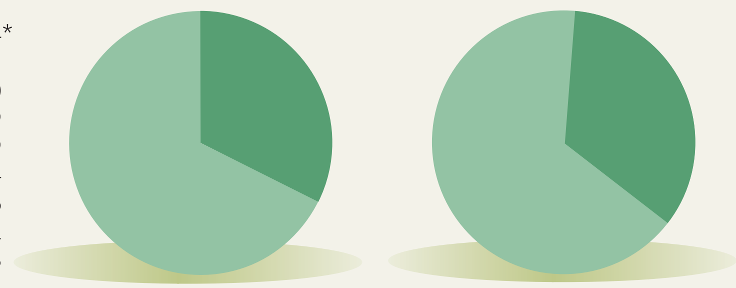
Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2005							
African Products	1 293	112 #	1 558	224	1 333	58	88
Hulett Aluminium (50%)	2 081	159 #	2 695	564	2 403	69	89
Moreland	459	231 #	645	287	383		
Tongaat-Hulett Sugar	3 093	232 #	2 423	355	2 061	177	88
Triangle dividend		19					
Corporate		(44)#	607	830	567	1	
Exchange rate translation gain		14					
Exceptional items		7					
Group total	6 926	730	7 928	2 260	6 747	305	265
2004*							
African Products	1 344	61 #	1 666	381	1 286	40	82
Hulett Aluminium (50%)	1 671	74 #	2 665	621	2 371	38	56
Moreland	420	181 #	453	222	257		
Tongaat-Hulett Sugar	2 863	82 #	2 454	386	2 128	109	91
Triangle dividend		51					
Corporate		(52)#	914	1 264	881	1	1
Exchange rate translation loss		(47)					
Exceptional items		8					
Group total	6 298	358	8 152	2 874	6 923	188	230

Total segmental income for the year amounted to R690 million (2004* - R346 million).

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	**2005**	2004*
South Africa	**4 682**	4 340
North America	**699**	389
Rest of Africa	**611**	739
Asia and other	**374**	254
Australasia	**267**	286
Europe	**248**	242
South America	**45**	48
	6 926	6 298

2005 2004*



Domestic Revenue 67,6% (68,9%)
Export Revenue 32,4% (31,1%)

(Brackets denote comparative figures)

The aggregate effect of intra-group transactions is immaterial.

The investment in associate is included in segment assets of Tongaat-Hulett Sugar and the details thereof are disclosed in note 7.

Geographical location of segment assets: South Africa R7 112 million; Other countries R816 million (2004* - South Africa R7 153 million; Other countries R999 million).

Expenditure on property, plant and equipment by geographical location of assets: South Africa R278 million; Other countries R27 million (2004* - South Africa R165 million; Other countries R23 million).

* Restated for IFRS

FIVE YEAR REVIEW

FINANCIAL STATISTICS (Including discontinued operations)		2005	2004*	2003≠	2002≠	2001≠
TRADING RESULTS (Rmillion)						
Revenue		**6 926**	6 298	6 559	6 103	5 465
Operating profit		**730**	358	80	680	918
Net financing costs		**(60)**	(93)	(152)	(134)	(82)
Share of associate company's (loss)/profit		**(25)**	6	(45)	(36)	(20)
Profit before tax		**645**	271	(117)	510	816
Tax		**(162)**	(41)	77	(122)	(199)
Minority shareholders		**(11)**	(10)	(1)		1
Net profit attributable to shareholders		**472**	220	(41)	388	618
Headline earnings attributable to shareholders		**466**	206	(93)	380	608
SOURCE OF CAPITAL (Rmillion)						
Shareholders' interest		**4 613**	4 347	4 193	4 551	4 382
Minority interest in subsidiaries		**75**	71	6	5	5
Equity		**4 688**	4 418	4 199	4 556	4 387
Deferred tax		**936**	854	866	1 006	912
Borrowings – long and short-term		**840**	1 380	1 369	931	1 502
Provisions		**283**	271	260	245	225
Capital employed		**6 747**	6 923	6 694	6 738	7 026
EMPLOYMENT OF CAPITAL (Rmillion)						
Property, plant, equipment, investments and intangibles		**4 183**	4 161	4 204	4 173	4 247
Growing crops		**182**	185	179	168	165
Long-term receivable		**203**	210	210	210	210
Inventories, receivables and derivative instruments		**2 834**	2 793	2 912	2 920	2 493
Cash and cash equivalents		**526**	803	808	938	1 125
Total assets		**7 928**	8 152	8 313	8 409	8 240
Current liabilities (excluding short-term borrowings)		**1 181**	1 229	1 619	1 671	1 214
		6 747	6 923	6 694	6 738	7 026
RATIOS AND STATISTICS						
EARNINGS						
Headline earnings per share - (cents)		**452,4**	202,5	(91,7)	375,2	602,4
Annual dividend per share - (cents)		**400,0**	170,0	120,0	270,0	270,0
Dividend cover - (times)		**1,1**	1,2	–	1,4	2,2
PROFITABILITY						
Operating margin		**10,5%**	5,7%	1,2%	11,1%	16,8%
Return on capital employed		**11,1%**	5,5%	1,2%	10,1%	14,2%
Return on equity		**10,2%**	4,8%	(2,1%)	8,5%	14,4%
FINANCE						
Debt to equity		**17,9%**	31,2%	32,6%	20,4%	34,2%
Net debt to equity		**6,7%**	13,1%	13,4%	–	8,6%
Current ratio		**1,78**	1,53	1,42	1,94	2,33
Liquidity ratio		**1,01**	0,83	0,75	0,99	1,48
SHARES						
Shares in issue - (millions)	– issued	**104**	102	101	101	101
	– weighted	**103**	102	101	101	101
Market capitalisation	– Rmillion	**8 467**	5 525	3 399	4 764	5 461
Value of shares traded	– Rmillion	**1 899**	1 325	1 821	1 548	1 122
Net asset value per share	– cents	**4 512**	4 321	4 132	4 490	4 333
Share price - (cents)	– balance sheet date	**8 150**	5 404	3 350	4 700	5 400
	– high	**8 500**	5 500	4 698	6 620	5 790
	– low	**5 010**	3 280	2 900	4 599	3 770
Annual volume of shares traded	– millions	**29**	30	53	30	26

* Restated for IFRS

≠ Prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2005

CONTENTS

FINANCIAL HIGHLIGHTS

	2005	2004*
Revenue (Rmillion)	**6 926**	6 298
Operating profit (Rmillion)	**730**	358
Headline earnings (Rmillion)	**466**	206
Headline earnings per share – basic (cents)	**452,4**	202,5
Annual dividend per share (cents)	**400,0**	170,0
Interim paid	**120,0**	50,0
Final proposed	**280,0**	120,0

* Restated for IFRS

CURRENCY CONVERSION GUIDE

	Closing rate at 31 December		
	2005	2004	2003
US dollar	6,35	5,65	6,67
UK pound	10,92	10,84	11,94
Euro	7,48	7,67	8,41

	Average rate for year		
	2005	2004	2003
US dollar	6,37	6,44	7,55
UK pound	11,58	11,80	12,34
Euro	7,92	8,01	8,55

REPORT OF THE INDEPENDENT AUDITORS

to the members of The Tongaat-Hulett Group Limited

We have audited the annual financial statements and Group annual financial statements of The Tongaat-Hulett Group Limited set out on page 37 and pages 41 to 80 for the year ended 31 December 2005. These financial statements are the responsibility of the company's directors. 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 plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the Group at 31 December 2005 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)

Durban, KwaZulu-Natal

17 February 2006

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 2005 and that all such returns are true, correct and up to date.

M M L Mokoka
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

17 February 2006

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2005

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

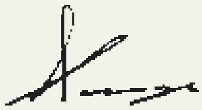
The directors, supported by the Audit and Compliance Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent auditors on the results of their statutory audit, that the Group's internal accounting controls 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 Group'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 and the Group have 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 and the Group at 31 December 2005 and the results of their operations for the year then ended. The directors are also of the opinion that the company and the Group 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 40.

The annual financial statements were approved by the board of directors on 17 February 2006 and are signed on its behalf by:



C M L Savage
Chairman

P H Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

17 February 2006

DIRECTORS' STATUTORY REPORT

The directors have pleasure in submitting the annual financial statements of the company and of the Group for the year ended 31 December 2005.

HOLDING COMPANY

The company's holding company is Anglo South Africa Capital (Pty) Limited and its ultimate holding company is Anglo American plc, a company incorporated in England.

NATURE OF BUSINESS

The Group comprises four operations: African Products, Hulett Aluminium, Moreland and Tongaat-Hulett Sugar. Their activities are dealt with separately in the annual report.

FINANCIAL RESULTS

The net profit attributable to shareholders for the year ended 31 December 2005 amounted to R472 million (2004 - R220 million). This translates into a headline earnings per share of 452,4 cents (2004 - 202,5 cents) based on the weighted average number of shares in issue during the year.

DIVIDENDS

An interim dividend number 156 of 120 cents per share was paid on 1 September 2005 and a final dividend number 157 of 280 cents per share has been declared and is payable on 23 March 2006 to shareholders registered at the close of business on 17 March 2006.

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

Last date to trade ordinary shares "CUM" dividend	Friday	10 March 2006
Ordinary shares trade "EX" dividend	Monday	13 March 2006
Record date	Friday	17 March 2006
Payment date	Thursday	23 March 2006

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 13 March 2006 and Friday 17 March 2006, 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 Friday 10 March 2006.

SHARE CAPITAL

There was no change in the authorised share capital of the company. During the year 1 647 688 shares were allotted (including 116 200 shares to directors) in respect of options exercised in terms of the Group's employee share incentive schemes for a total consideration of R62 million. Details of the unissued ordinary shares and the Group's share incentive schemes are set out in notes 12 and 26.

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 21 April 2006 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 Securities Exchange South Africa ("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 17 February 2006;
- 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 17 February 2006. 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 17 February 2006;
- the working capital of the company and the Group for a period of 12 months from 17 February 2006 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 Group are reflected in note 32.

The attributable interest of the company in the results of its consolidated subsidiaries and joint ventures for the year ended 31 December 2005 is as follows:

	2005	2004 (Restated for IFRS)
In the aggregate amount of:		
Net profit - (Rmillion)	329	308
Net losses - (Rmillion)	47	45

DIRECTORATE

The names of the directors of the company in office at the date of this report are reflected on pages 34 and 35.

Mrs J Thomas and Mr G Young resigned as alternate directors with effect from 5 October 2005.

Directors retiring at the annual general meeting in accordance with the articles of association are: Mrs E le R Bradley, Messrs P M Baum, A Fourie, M Mia, C M L Savage, R H J Stevens and A M Thompson. These directors are all eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 34 and 35.

DIRECTORS' SHAREHOLDINGS

At 31 December 2005, the present directors of the company beneficially held a total of 1 072 139 ordinary shares equivalent to one percent in the company (2004 - 1 029 685 shares equivalent to one percent). They also held, in a non-beneficial capacity, a total of 508 310 ordinary shares equivalent to 0,5 percent in the company (2004 - 508 310 shares equivalent to 0,5 percent). Details of the directors' shareholdings and interests in the share incentive schemes are provided in notes 25 and 26. There has been no material change in these holdings between 31 December 2005 and 17 February 2006.

POST BALANCE SHEET EVENTS

An extensive strategic review to further enhance shareholder value, building on the achievements of the last two years and the ongoing actions to increase earnings in all operating companies, has been completed. This resulted in a board decision to embark on the unbundling of the Group's 50 percent interest in Hulett Aluminium to Tongaat-Hulett shareholders, the listing of Hulett Aluminium and the simultaneous introduction of Black Economic Empowerment equity participation in both Tongaat-Hulett and Hulett Aluminium. Significant preparatory work, including the relevant approvals and regulatory compliance, will be required to implement the aforementioned initiatives. Announcements with progress in this regard will be made in due course.

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

BALANCE SHEETS

as at 31 December 2005 *The Tongaat-Hulett Group Limited*

Company 2004*	Company 2005	Rmillion	Note	Group 2005	Group 2004*
		ASSETS			
		Non-current assets			
1 860	**1 879**	Property, plant and equipment	2	**4 093**	4 106
76	**77**	Growing crops	3	**182**	185
210	**203**	Long-term receivable	4	**203**	210
		Goodwill	5	**21**	23
		Intangible assets	6	**12**	9
2	**3**	Investments	7	**57**	23
1 051	**1 088**	Subsidiaries and joint ventures	8		
3 199	**3 250**			**4 568**	4 556
1 680	**1 478**	**Current assets**		**3 360**	3 596
1 047	**874**	Inventories	9	**1 456**	1 649
566	**533**	Trade and other receivables		**1 337**	1 108
14	**31**	Derivative instruments	10	**41**	36
53	**40**	Cash and cash equivalents	11	**526**	803
4 879	**4 728**	**TOTAL ASSETS**		**7 928**	8 152
		EQUITY AND LIABILITIES			
		Capital and reserves			
102	**104**	Share capital	12	**104**	102
759	**821**	Share premium		**821**	759
1 771	**2 055**	Retained income		**3 651**	3 426
48	**59**	Other reserves		**37**	60
2 680	**3 039**	**Shareholders' interest**		**4 613**	4 347
		Minority interest in subsidiaries		**75**	71
2 680	**3 039**	**Equity**		**4 688**	4 418
504	**594**	**Non-current liabilities**		**1 357**	1 380
276	**357**	Deferred tax	13	**936**	854
		Long-term borrowings	14	**138**	255
228	**237**	Provisions	15	**283**	271
1 695	**1 095**	**Current liabilities**		**1 883**	2 354
682	**539**	Trade and other payables	16	**1 119**	1 171
1 002	**547**	Short-term borrowings	14	**702**	1 125
11	**9**	Derivative instruments	10	**18**	52
		Tax		**44**	6
4 879	**4 728**	**TOTAL EQUITY AND LIABILITIES**		**7 928**	8 152

* Restated for IFRS

INCOME STATEMENTS

for the year ended 31 December 2005 *The Tongaat-Hulett Group Limited*

Company 2004*	Company 2005	Rmillion	Note	Group 2005	Group 2004*
3 970	**4 084**	**REVENUE**		**6 926**	6 298
264	**693**	Operating profit	17	**730**	358
		Share of associate company's (loss)/profit	7	**(25)**	6
(219)	**(92)**	Financing costs	19	**(98)**	(163)
119	**38**	Finance income	19	**38**	70
164	**639**	**PROFIT BEFORE TAX**		**645**	271
17	**(108)**	Tax	20	**(162)**	(41)
181	**531**	**NET PROFIT**		**483**	230
		Attributable to:			
181	**531**	Shareholders		**472**	220
		Minority interest		**11**	10
181	**531**			**483**	230
		EARNINGS PER SHARE (cents)	22		
		Basic		**458,2**	216,3
		Diluted		**447,2**	214,0

* Restated for IFRS

CASH FLOW STATEMENTS

Company 2004*	Company 2005	Rmillion	Group 2005	Group 2004*
		Cash generated from operations		
264	**693**	Operating profit	**730**	358
(100)	**(54)**	Net financing costs	**(60)**	(93)
		Non-cash items:		
159	**167**	Depreciation	**265**	230
		Adjustment for exchange rate translation (gain)/loss	**(14)**	47
7	**9**	Provisions	**12**	11
(25)	**(35)**	Other	**2**	(40)
(12)	**(26)**	Tax payments	**(38)**	(71)
293	**754**	Cash generated from operations	**897**	442
		Cash required by operations		
204	**154**	Inventories	**169**	123
2	**24**	Trade and other receivables	**(231)**	63
(355)	**(144)**	Trade and other payables	**(47)**	(389)
(149)	**34**	(Increase)/decrease in working capital	**(109)**	(203)
144	**788**	**Cash flows from operating activities**	**788**	239
		Cash flows from investing activities		
		Expenditure on property, plant and equipment:		
(40)	**(95)**	New	**(169)**	(78)
(57)	**(79)**	Replacement	**(101)**	(78)
(32)	**(35)**	Major plant overhaul costs capitalised	**(35)**	(32)
		Expenditure on intangible assets	**(4)**	(3)
20	**5**	Growing crops	**5**	20
48	**70**	Proceeds on disposal of property, plant and equipment	**42**	44
(29)	**(36)**	Investments – shares in subsidiary		
		Investments – unlisted	**(72)**	(19)
(90)	**(170)**	Net cash used in investing activities	**(334)**	(146)
54	**618**	**Net cash flow before dividends and financing activities**	**454**	93
		Dividends paid		
(81)	**(123)**	Previous year final	**(123)**	(81)
(51)	**(124)**	Current year interim	**(124)**	(51)
(132)	**(247)**	Dividends paid	**(247)**	(132)
(78)	**371**	**Net cash flow before financing activities**	**207**	(39)
		Cash flows from financing activities		
157	**(455)**	Borrowings (repaid)/raised	**(558)**	32
		Shares of a subsidiary issued to the minority		54
		Hedges of foreign loans	**(2)**	(35)
30	**62**	Shares issued	**62**	30
(103)	**9**	Inter-group loans		
84	**(384)**	Net cash (utilised in)/from financing activities	**(498)**	81
6	**(13)**	**Net (decrease)/increase in cash and cash equivalents**	**(291)**	42
47	**53**	Balance at beginning of year	**803**	808
		Exchange rate translation gain/(loss)	**14**	(47)
53	**40**	**Cash and cash equivalents at end of year**	**526**	803

* Restated for IFRS

STATEMENTS OF CHANGES IN EQUITY

Rmillion	Share Capital	Share Premium	Capital Redemption Reserve Funds	Share-based Payment Reserve	Hedging and Translation Reserves	Retained Income	Share-holders' Interest	Minority Interest	Total
GROUP									
Balance at 1 January 2004	101	730	33		(4)	3 333	4 193	6	4 199
Effect of transition to IFRS (refer to note 1)				3	(23)	5	(15)		(15)
Restated balance at 1 January 2004	101	730	33	3	(27)	3 338	4 178	6	4 184
Share capital issued	1	29					30		30
Currency exchange rate changes					9		9	1	10
Hedge reserve released to income statement					27		27		27
Gain from cash flow hedges					9		9		9
Share of associate's movement in currency translation reserve					(4)		(4)		(4)
Shares of a subsidiary issued to the minority								54	54
Recognition of share-based payment				10			10		10
Net profit						220	220	10	230
Dividends paid						(132)	(132)		(132)
Balance at 31 December 2004	102	759	33	13	14	3 426	4 347	71	4 418
Accounting for fair value hedges as required by IAS 39 (Revised)					(5)		(5)		(5)
Restated balance at 1 January 2005	102	759	33	13	9	3 426	4 342	71	4 413
Share capital issued	2	60					62		62
Transfer on exercise of options		2		(2)					
Currency exchange rate changes					(31)		(31)	(7)	(38)
Hedge reserve released to income statement					(4)		(4)		(4)
Gain from cash flow hedges					9		9		9
Share of associate's movement in currency translation reserve					(7)		(7)		(7)
Recognition of share-based payment				17			17		17
Net profit						472	472	11	483
Dividends paid						(247)	(247)		(247)
Balance at 31 December 2005	104	821	33	28	(24)	3 651	4 613	75	4 688
COMPANY									
Balance at 1 January 2004	101	730	29		(15)	1 725	2 570		
Effect of transition to IFRS (refer to note 1)				3		(3)			
Restated balance at 1 January 2004	101	730	29	3	(15)	1 722	2 570		
Share capital issued	1	29					30		
Hedge reserve released to income statement					15		15		
Gain from cash flow hedges					6		6		
Recognition of share-based payment				10			10		
Net profit						181	181		
Dividends paid						(132)	(132)		
Balance at 31 December 2004	102	759	29	13	6	1 771	2 680		
Accounting for fair value hedges as required by IAS 39 (Revised)					(5)		(5)		
Restated balance at 1 January 2005	102	759	29	13	1	1 771	2 675		
Share capital issued	2	60					62		
Transfer on exercise of options		2		(2)					
Hedge reserve released to income statement					(1)		(1)		
Gain from cash flow hedges					2		2		
Recognition of share-based payment				17			17		
Net profit						531	531		
Dividends paid						(247)	(247)		
Balance at 31 December 2005	104	821	29	28	2	2 055	3 039		

ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with the Group's accounting policies which comply fully with International Financial Reporting Standards (IFRS). The Group is reporting under IFRS for the first time for the year ended 31 December 2005. The transition to IFRS is accounted for in terms of IFRS 1 First-time Adoption of International Financial Reporting Standards, with 1 January 2004 as the date of transition. Comparative figures have accordingly been restated.

The disclosures required by IFRS 1 concerning the transition from South African Statements of Generally Accepted Accounting Practice to IFRS are provided in note 1.

Further, note 33 provides details of new or revised standards that, in terms of the transition dates, have not yet been adopted.

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 or at fair value, 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 intra-group balances and transactions are eliminated. Results of subsidiaries are not equity accounted in the holding company's financial statements.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group'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 acquired 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 the Group except to the extent that the minority has a binding obligation and the financial ability to cover 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. 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, and are valued at fair value 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 the Group'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 the Group 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 the Group 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, the Group 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 VAT is excluded.

FOREIGN CURRENCIES

The functional currency of each entity within the Group 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 within the Group whose functional currencies are different to the Group's presentation currency, which 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 the Group 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 the Group 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-to-maturity investments are held at amortised cost using the effective interest rate method after deducting accumulated impairment losses.
- Held-for-trading, available for sale and cash equivalent investments are held at fair value.
- Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.

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.

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 Group's defined benefit scheme and defined contribution schemes are held separately from those of the Group and are administered and controlled by trustees.

The Surplus Apportionment Plan is lying open for inspection before submission to the Financial Services Board, as required by law. Accordingly, due to the uncertainty regarding apportionment, no surplus has been recognised on the Group's 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 the expected average remaining lives of participants 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 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.

NOTES TO THE FINANCIAL STATEMENTS

1. **TRANSITION TO IFRS** (Rmillion)

Reconciliation of previous SA GAAP to IFRS

	Group		Company	
	Audited year ended 31 December 2004	IFRS transition date 1 January 2004	Audited year ended 31 December 2004	IFRS transition date 1 January 2004
Balance sheet				
Equity				
As previously reported – SA GAAP	4 357	4 193	2 676	2 570
Effect of goodwill now recorded in Metical and translated at the closing exchange rate	(14)	(15)		
Share-based payment reserve	13	3	13	3
Effect of changes on income statement:				
Current year	(6)		(6)	
Prior year	(3)	(3)	(3)	(3)
Shareholders' interest	4 347	4 178	2 680	2 570
Minority interest in subsidiaries previously reported separately from equity	71	6		
Equity restated – IFRS	4 418	4 184	2 680	2 570
Income statement				
Net profit as previously reported	226		187	
Effect of transition to IFRS	(6)		(6)	
Recognition of share-based payments as an expense	(8)		(6)	
Goodwill no longer amortised	2			
Net profit attributable to shareholders restated – IFRS	220		181	

Effect of transition to IFRS on earnings per share (cents)	**2005**	2004
Effect on basic earnings per share		
Recognition of share-based payments as an expense	**(14,6)**	(7,9)
Goodwill no longer amortised		2,0
Total impact of transition to IFRS on earnings per share (cents)	**(14,6)**	(5,9)
Effect on diluted earnings per share		
Recognition of share-based payments as an expense	**(14,2)**	(7,8)
Goodwill no longer amortised		1,9
Total impact of transition to IFRS on earnings per share (cents)	**(14,2)**	(5,9)

1. **TRANSITION TO IFRS** continued

The transition to IFRS has resulted in the following:

First-time elections made in terms of the IFRS transitional provisions:

- Goodwill arising in respect of foreign entities
  Goodwill is now recorded in the currency of the foreign entities (in this instance the Mozambique Metical) and translated into Rand at the closing exchange rate, being a restated carrying value of R23 million at 31 December 2004. Goodwill will no longer be amortised under IFRS and an impairment test will be conducted on at least an annual basis. Goodwill at 31 December 2005 is reported at R21 million.

- Foreign Currency Translation Reserve
  The foreign currency translation reserve (FCTR) relates to the consolidation of foreign subsidiaries and is affected by exchange rate movements. On adoption of IFRS, the Group elected to set the FCTR to nil by transferring the credit balance on this account of R23 million directly to retained income and thereafter tracking the FCTR by individual foreign entity.

New and revised standards that had an impact on the Group's financial statements:

- IAS 38 (Revised) Intangible Assets
  An intangible asset is an identifiable non-monetary asset without physical substance. The adoption of IAS 38 (Revised) has resulted in software costs that were previously capitalised to property, plant and equipment now being disclosed as an intangible asset.

- IFRS 2 Share-based Payment
  IFRS 2 requires the recognition of equity-settled share-based payments at fair value at the date of grant. IFRS 2 applies to all grants of equity instruments after 7 November 2002 that were unvested as at 1 January 2005 and as such applies to the original 2001 Tongaat-Hulett Employee Share Incentive Scheme in respect of share options issued after 7 November 2002, as well as to the newly approved and implemented share schemes, which incorporate the Share Appreciation Rights Scheme 2005, Long Term Incentive Plan 2005 and the Deferred Bonus Plan 2005.

  The accounting charges to the income statement required by IFRS 2 are accounted for as equity-settled instruments. As such, a once off valuation is performed at grant date to determine the fair value of the share-based payments. This fair value is then charged as a cost to the income statement on a consistent basis over the vesting period, effectively eliminating the volatility associated with the periodic mark-to-market adjustments that are required for cash-settled schemes. Adjustments are made to the charge to the income statement over the vesting period, relating to the actual employees leaving percentage versus the assumed percentage. The costs associated with the settlement of awards under the new share schemes qualify for a tax deduction by the company.

- IFRS 3 Business Combinations
  With the adoption of IFRS 3, amortisation of goodwill is no longer permitted with effect from 1 January 2004. Goodwill, which is allocated to the appropriate cash generating units, is tested for impairment as required by IAS 36 Impairment on at least an annual basis.

2. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

Group	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	4 115	622	2 955	181	83	274
Transfer of software to intangible assets (refer to note 6)	(9)			(5)		(4)
Restated carrying value at beginning of year	4 106	622	2 955	176	83	270
Additions	305	5	173	12		115
Disposals	(23)	(15)	(1)	(7)		
Depreciation	(265)	(11)	(225)	(25)	(4)	
Transfers		18	121	9		(148)
Currency alignment	(30)	(12)	(6)	(2)	(9)	(1)
Carrying value at end of year	4 093	607	3 017	163	70	236
Comprising:						
2005						
At cost	5 781	736	4 288	410	111	236
Accumulated depreciation	1 688	129	1 271	247	41	
	4 093	607	3 017	163	70	236
2004*						
At cost	5 580	749	4 025	415	121	270
Accumulated depreciation	1 474	127	1 070	239	38	
	4 106	622	2 955	176	83	270

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	1 860	265	1 280	101	6	208
Additions	209	2	138	5		64
Disposals	(23)	(15)		(8)		
Depreciation	(167)	(4)	(147)	(14)	(2)	
Transfers		16	103	9		(128)
Carrying value at end of year	1 879	264	1 374	93	4	144
Comprising:						
2005						
At cost	3 065	328	2 298	266	29	144
Accumulated depreciation	1 186	64	924	173	25	
	1 879	264	1 374	93	4	144
2004*						
At cost	2 904	329	2 069	269	29	208
Accumulated depreciation	1 044	64	789	168	23	
	1 860	265	1 280	101	6	208

Plant and machinery with a book value of R89 million (2004* – R44 million) are encumbered as security for the secured finance lease obligations and as security for certain short-term borrowings of R2 million (2004* – R8 million).

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

3. GROWING CROPS (Rmillion)

	Group		Company	
	2005	2004*	**2005**	2004*
Carrying value at beginning of year	**185**	179	**76**	94
Gain arising from physical growth and price changes	**10**	23	**6**	2
Net decrease due to reduced area under cane	**(5)**	(20)	**(5)**	(20)
Currency alignment	**(8)**	3		
Carrying value at end of year	**182**	185	**77**	76

*Restated for IFRS

3. GROWING CROPS continued

	Group 2005	Group 2004*	Company 2005	Company 2004*
Area under cane (hectares)				
South Africa	**10 162**	10 869	**10 162**	10 869
Mozambique	**7 200**	7 200		
Swaziland	**3 726**	3 811		
	21 088	21 880	**10 162**	10 869

4. LONG -TERM RECEIVABLE (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Advances to an export partnership				
Carrying value at beginning of year	**210**	210	**210**	210
Fair value adjustment due to reduction in tax rate	**(7)**		**(7)**	
Carrying value at end of year	**203**	210	**203**	210

The company participates in an export partnership engaged in the construction of luxury vessels in order to foster the use of aluminium plate in marine applications.

5. GOODWILL (Rmillion)

	Group 2005	Group 2004*
At cost	**49**	49
Less: Accumulated amortisation to 31 December 2003	**14**	14
Carrying value at 1 January 2004	**35**	35
Effect of transition to IFRS:		
Goodwill now recorded in Metical and translated at the closing exchange rate	**(14)**	(15)
Reversal of goodwill previously amortised	**2**	2
Carrying value at beginning of year restated	**23**	22
Currency exchange rate changes	**(2)**	1
Carrying value at end of year	**21**	23

6. INTANGIBLE ASSETS (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Software at cost, transferred from property, plant and equipment				
Balance at beginning of year	**19**	16	**7**	7
Additions	**4**	3		
Balance at end of year	**23**	19	**7**	7
Accumulated amortisation				
Balance at beginning of year	**10**	9	**7**	7
Charge for the year	**1**	1		
Balance at end of year	**11**	10	**7**	7
Carrying value at end of year	**12**	9		

*Restated for IFRS

7. **INVESTMENTS** (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Associate:				
The carrying value of the Group's 49% interest in Açucareira de Xinavane, SARL (Mozambique) comprises:				
Unlisted shares	**128**	20		
Loan	**30**	80		
Cumulative share of post-acquisition deficits	**(117)**	(95)		
Balance at beginning of year	**(95)**	(94)		
Movement in currency translation reserve	**3**	(7)		
(Loss)/profit for the year	**(25)**	6		
Book value	**41**	5		
Directors' valuation	**41**	5		
Summarised balance sheet:				
Property, plant and equipment	**309**	359		
Growing crops	**53**	59		
Current assets	**105**	49		
Current liabilities	**(74)**	(82)		
Borrowings:				
External	**(276)**	(354)		
Shareholders	**(158)**	(198)		
Net deficit	**(41)**	(167)		
Other shareholders' share of deficit	**21**	85		
Group share of deficits (pre and post-acquisition)	**(20)**	(82)		
Summarised income statement:				
Revenue	**167**	125		
Profit before depreciation	**11**	5		
Depreciation	**(16)**	(24)		
Foreign exchange (loss)/gain	**(19)**	58		
(Loss)/profit before financing costs	**(24)**	39		
Financing costs	**(28)**	(27)		
(Loss)/profit after financing costs	**(52)**	12		
Other shareholders' interest	**27**	(6)		
Group share of (loss)/profit	**(25)**	6		
Other investments:				
Unlisted shares at fair value	**13**	15		
Loans	**3**	3	**3**	2
Book value	**16**	18	**3**	2
Carrying value of investments	**57**	23	**3**	2

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

*Restated for IFRS

8. SUBSIDIARIES AND JOINT VENTURES (Rmillion)

	Company 2005	Company 2004*
Shares at cost, less amounts written off	**563**	527
Indebtedness by	**826**	715
Indebtedness to	**(301)**	(191)
	1 088	1 051

	Group 2005	Group 2004*
The Group's proportionate share of the assets, liabilities and post-acquisition reserves of joint ventures, which comprise in the main, Hulett Aluminium, is included in the consolidated financial statements as follows:		
Property, plant, equipment and investments	**1 950**	1 969
Current assets	**1 012**	871
Less: Current liabilities	**(372)**	(352)
Capital employed	**2 590**	2 488
Less: Borrowings	**(411)**	(435)
Post-acquisition reserves	**(1 253)**	(1 318)
Deferred tax and provisions	**(511)**	(530)
Minority interest in subsidiary	**(16)**	(11)
Interest in joint ventures	**399**	194
The Group's proportionate share of the trading results of the joint ventures is as follows:		
Revenue	**2 241**	1 783
Profit before tax	**167**	56
Tax	**(27)**	(3)
Minority interest	**(4)**	(5)
Net profit	**136**	48
The Group's proportionate share of cash flows of the joint ventures is as follows:		
Cash flows from operating activities	**192**	(193)
Net cash used in investing activities	**(72)**	(38)
Net movement in cash resources	**120**	(231)

The investment in Triangle is retained at a nominal value. Its unaudited assets, liabilities and results which are not included in the consolidated financial statements and which have not been adjusted for inflation, are translated at the official Zimbabwe dollar exchange rate as follows:

	2005	2004*		2005	2004*
Shareholder's interest	**115**	194	≠ Property, plant and equipment	**14**	28
Minority interest	**6**	6	Growing crops	**97**	133
			Current assets	**118**	255
Equity	**121**	200	Current liabilities	**(74)**	(175)
Deferred tax	**31**	41			
Long-term borrowings	**3**				
	155	241		**155**	241
Revenue	**728**	852	Net profit	**359**	256

≠ Property, plant and equipment have been accounted for in terms of the historical cost convention.

* Restated for IFRS

9. INVENTORIES (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Raw materials	**294**	404	**147**	263
Work in progress	**107**	82	**9**	4
Finished goods	**736**	819	**655**	724
Consumable stores	**117**	122	**63**	56
Development properties	**202**	222		
	1 456	1 649	**874**	1 047

Included in raw materials is an amount of R106 million (2004* – R208 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

10. DERIVATIVE INSTRUMENTS (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
The fair value of derivative instruments at year end was:				
Forward exchange contracts – hedge accounted	**(1)**	(8)	**4**	8
Forward exchange contracts – not hedge accounted		4		2
Futures contracts – hedge accounted	**25**	(7)	**18**	(7)
Embedded derivatives	**(1)**	(5)		
	23	(16)	**22**	3
Summarised as:				
Derivative assets	**41**	36	**31**	14
Derivative liabilities	**(18)**	(52)	**(9)**	(11)
	23	(16)	**22**	3

Further details on derivative instruments are set out in note 31.

11. CASH AND CASH EQUIVALENTS

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

12. SHARE CAPITAL (Rmillion)

	2005	2004*
Authorised:		
150 000 000 ordinary shares of R1 each	**150**	150
Issued and fully paid:		
103 895 629 (2004* - 102 247 941)	**104**	102

Unissued:
Under option to employees, in terms of the original employee share option schemes, for a period of ten years from date granted, to subscribe for 5 699 233 shares at an average price of R40,40 per share (2004* – 7 466 621 shares at R39,79 per share).

These 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.

Under control of the directors:
– for the purpose of the employee share option schemes 4 690 330 shares (2004* – 2 758 173 shares).
– in terms of a shareholders' resolution 10 288 054 shares (2004* – 37 527 265 shares).

Details of the employee share incentive schemes are set out in note 26.

*Restated for IFRS

13. **DEFERRED TAX** (Rmillion)

	Group		Company	
	2005	2004*	**2005**	2004*
Balance at beginning of year	**854**	866	**276**	296
Accounted for in equity	**(2)**	9	**(2)**	8
Currency alignment	**(1)**	1		
Income statement:				
Current year charge/(relief) on:				
Earnings before exceptional items	**122**	(24)	**100**	(30)
Rate change adjustment	**(28)**		**(9)**	
Exceptional items	**1**	(3)	**1**	(3)
Prior years	**(10)**	5	**(9)**	5
Balance at end of year	**936**	854	**357**	276
Comprising temporary differences relative to:				
Property, plant and equipment	**854**	886	**355**	356
Growing crops	**36**	36	**22**	23
Export partnership	**203**	210	**203**	210
Current assets	**54**	58	**5**	5
Current liabilities	**(114)**	(108)	**(95)**	(90)
Tax losses	**(135)**	(223)	**(131)**	(214)
Other	**38**	(5)	**(2)**	(14)
	936	854	**357**	276

14. **BORROWINGS** (Rmillion)

	Group		Company	
	2005	2004*	**2005**	2004*
Short-term	**668**	1 096	**530**	1 002
Bank overdraft	**34**	29	**17**	
	702	1 125	**547**	1 002
Long-term	**138**	255		
	840	1 380	**547**	1 002

Long-term borrowings comprise:	Effective interest rate %		
Secured:			
SA Rand			
Finance leases (refer to note 28)	11,3	**3**	4
Unsecured:			
SA Rand			
Repayable 2006/2008	12,5	**104**	138
Foreign			
Repayable 2006/2009	Libor + 0,4	**103**	120
Repaid in 2005			56
		207	314
Long-term borrowings		**210**	318
Less: Current portion included in short-term borrowings		**72**	63
		138	255

Plant and machinery with a book value of R89 million (2004* – R44 million) are encumbered as security for the secured finance lease obligations and as security for certain short-term borrowings of R2 million (2004* – R8 million).

Unsecured Rand denominated long-term loans of R104 million (2004* – R138 million) are shown net after set-off of related investments totalling R186 million (2004* – R152 million). The foreign Libor linked unsecured loans are repayable in US dollars and amount to US $16 million (2004* – US $23 million). These loans are recorded at the ruling price at year end and the foreign currency risk is covered by forward exchange contracts.

Summary of future loan repayments by financial year:	Year	2007	2008	2009
	Rmillion	80	45	13

In terms of the company's articles of association the borrowing powers of the Group are limited to R7 billion.

*Restated for IFRS

15. PROVISIONS (Rmillion)

	Group		Company	
	2005	2004*	**2005**	2004*
Post-retirement medical aid obligations (refer to note 24)	**230**	221	**190**	184
Retirement gratuity obligations (refer to note 24)	**52**	49	**46**	43
Other	**1**	1	**1**	1
	283	271	**237**	228

16. TRADE AND OTHER PAYABLES (Rmillion)

	Group		Company	
	2005	2004*	**2005**	2004*
Accounts payable	**1 009**	953	**429**	464
Maize obligations – interest bearing	**110**	218	**110**	218
	1 119	1 171	**539**	682

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

17. OPERATING PROFIT (Rmillion)

	Group		Company	
	2005	2004*	**2005**	2004*
Revenue	**6 926**	6 298	**4 084**	3 970
Cost of sales	**(5 218)**	(4 972)	**(3 162)**	(3 228)
Administration expenses	**(737)**	(772)	**(459)**	(460)
Marketing and selling expenses	**(421)**	(391)	**(284)**	(267)
Other income	**174**	187	**262**	187
Exceptional items (refer to note 18)	**6**	8	**252**	62
Operating profit	**730**	358	**693**	264
Disclosable items included in operating profit:				
Valuation adjustments on financial instruments and other items:				
Maize procurement contracts		18		18
Translation of foreign currency:				
Foreign cash holdings	**14**	(47)		
Other	**7**	(22)	**2**	
Export receivables	**10**	3	**(2)**	2
Financial instruments	**(6)**	(3)		
	25	(51)		20
Dividends received from subsidiaries:				
Triangle	**19**	51		
Other subsidiaries			**45**	88
Income from unlisted investments		6		5
Surplus on disposal of plant and equipment	**1**	4	**1**	2
Amortisation of intangible assets	**1**	1		
Depreciation charged:				
Buildings	**11**	11	**4**	4
Plant and equipment	**225**	190	**147**	137
Vehicles and other	**29**	29	**16**	18
Management fees paid to subsidiaries			**1**	2
Management fees paid to third parties	**4**	4		
Technical fees paid	**9**	11	**9**	11
Operating lease charges (property, plant and vehicles)	**16**	14	**12**	10
Share-based payments	**15**	8	**12**	6
Auditors' remuneration:				
Fees	**6**	5	**4**	3
Other services	**1**	1	**1**	1

*Restated for IFRS

18. **EXCEPTIONAL ITEMS** (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Included in operating profit:				
Surplus on sale of property	**11**	18	**40**	26
Estate closure costs	**(5)**	(10)	**(5)**	(10)
Recovery of loan to subsidiary, previously written-off by the company			**217**	46
Exceptional items before tax	**6**	8	**252**	62
Tax (refer to note 20)	**(1)**	3	**(1)**	3
Exceptional items after tax	**5**	11	**251**	65

19. **NET FINANCING COSTS** (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Net financing costs comprise:				
Interest paid – external	**(131)**	(275)	**(77)**	(208)
Set-off of related financial instrument income	**33**	112		
Interest paid – subsidiaries			**(15)**	(11)
Financing costs	**(98)**	(163)	**(92)**	(219)
Financial instrument income			**33**	112
Interest received – external	**38**	70	**5**	7
Finance income	**38**	70	**38**	119
Net financing costs	**(60)**	(93)	**(54)**	(100)

20. **TAX** (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Profit before exceptional items:				
Current	**51**	51		
Deferred	**122**	(24)	**100**	(30)
Rate change adjustment (deferred)	**(28)**		**(9)**	
Secondary tax on companies	**26**	12	**26**	12
Prior years	**(10)**	5	**(10)**	4
	161	44	**107**	(14)
Exceptional items:				
Deferred	**1**	(3)	**1**	(3)
Tax for the year	**162**	41	**108**	(17)
Foreign tax included above	**7**	4		
Reconciliation of tax charge at the normal rate of South African tax to the effective rate of tax:				
Tax charge at normal rate of South African tax	**187**	81	**185**	49
Adjusted for:				
Non-taxable income	**(28)**	(61)	**(95)**	(97)
Assessed losses of foreign subsidiaries	**(5)**	(9)		
Share of associate company's loss/(profit)	**7**	(2)		
Non-allowable expenditure	**7**	2	**5**	2
Rate change adjustment (deferred)	**(28)**		**(9)**	
Secondary tax on companies	**26**	12	**26**	12
Capital gains	**6**	13	**6**	13
Prior years	**(10)**	5	**(10)**	4
Tax charge/(relief) as reported	**162**	41	**108**	(17)

*Restated for IFRS

20. **TAX** (Rmillion) continued

	Group		Company	
	2005	2004*	**2005**	2004*
	%	%	**%**	%
Normal rate of South African tax	**29,0**	30,0	**29,0**	30,0
Adjusted for:				
Non-taxable income	**(4,3)**	(22,5)	**(14,9)**	(59,1)
Assessed losses of foreign subsidiaries	**(0,8)**	(3,3)		
Share of associate company's loss/(profit)	**1,1**	(0,7)		
Non-allowable expenditure	**1,1**	0,7	**0,8**	1,2
Rate change adjustment (deferred)	**(4,3)**		**(1,4)**	
Secondary tax on companies	**4,0**	4,4	**4,1**	7,3
Capital gains	**0,9**	4,7	**0,9**	7,9
Prior years	**(1,6)**	1,8	**(1,6)**	2,4
Effective rate of tax	**25,1**	15,1	**16,9**	(10,3)

Normal tax losses of R472 million (2004* – R742 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.

21. **HEADLINE EARNINGS** (Rmillion)

	Group	
	2005	2004*
Profit attributable to shareholders	**472**	220
Less after tax effect of:		
Exceptional capital items (refer to note 18)	**(5)**	(11)
Surplus on disposal of plant and equipment	**(1)**	(3)
Headline earnings	**466**	206
Headline earnings per share (cents)		
Basic	**452,4**	202,5
Diluted	**441,5**	200,4

22. **EARNINGS PER SHARE**

Earnings per share are calculated using the weighted average number of 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 103 017 561 (2004* – 101 718 002). In respect of diluted earnings per share the weighted average number of shares is 105 552 404 (2004* – 102 790 613).

23. **DIVIDENDS** (Rmillion)

	2005	2004*
Paid:		
Final for previous year, paid 24 March 2005 – 120 cents (2004* – 80 cents)	**123**	81
Interim for current year, paid 1 September 2005 – 120 cents (2004* – 50 cents)	**124**	51
	247	132

The final dividend for the year ended 31 December 2005 of 280 cents per share declared on 17 February 2006 and payable on 23 March 2006 has not been accrued.

*Restated for IFRS

24. RETIREMENT BENEFITS

Pension and provident fund schemes

The Group 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 Group implemented scheme or of various designated industry or state schemes. The Group 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 the Group. The scheme assets are administered by boards of trustees, each of which includes elected employee representatives.

Defined benefit pension scheme

There is one defined benefit scheme (The Tongaat-Hulett Pension 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 Fund 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 Bill was enacted. This Bill requires that the actuarial valuation at 31 December 2001, together with a plan for the apportionment on a fair basis to the employer and past and current members of the Fund, of any surplus by this valuation must be approved by the Financial Services Board (FSB). Whilst the valuation has been completed and submitted to the FSB, the apportionment plan is lying open for inspection before submission to the FSB, as required by law. Accordingly, due to the uncertainty regarding apportionment, no surplus has been recognised on the Group's balance sheet.

An actuarial valuation of liabilities, based on the existing benefits, carried out as at 31 December 2005 in accordance with IAS 19 Employee Benefits showed the present value of obligations to be adequately covered by the fair value of the scheme assets.

	2005 Rmillion	2004* Rmillion
Details of the valuation of the Fund (100%) are as follows:		
Fair value of scheme assets	**4 554**	3 602
Present value of obligation	**(3 465)**	(3 109)
Fund assets less member liabilities, before reserves	**1 089**	493
The reconciliation for the year is as follows:		
Opening balance	**493**	503
Interest costs	**(245)**	(270)
Service costs	**(101)**	(91)
Contributions paid (company and employee)	**67**	67
Expected return on scheme assets	**283**	270
Actuarial gains	**592**	14
Closing balance	**1 089**	493
Actual return on scheme assets	**1 077**	367
Included in the assets of the scheme are ordinary shares held in The Tongaat-Hulett Group Limited, stated at fair value	**125**	85
The principal actuarial assumptions are:		
Discount rate	**7,75%**	8,0%
Salary cost and pension increase	**4,25%**	4,5%
Expected rate of return on assets	**7,75%**	8,0%

Defined contribution pension and provident schemes

There are three Group 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 R16 million were expensed during the year (2004* - R15 million).

*Restated for IFRS

24. **RETIREMENT BENEFITS** (Rmillion) continued

Post-retirement medical aid benefits

The obligation of the Group 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:

	Group		Company	
	2005	2004*	**2005**	2004*
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**249**	239	**208**	198
Unrecognised actuarial losses	**(19)**	(18)	**(18)**	(14)
Net liability in balance sheet	**230**	221	**190**	184
The liability is reconciled as follows:				
Net liability at beginning of year	**221**	211	**184**	177
Net expense recognised in income statement	**25**	26	**20**	22
Contributions	**(16)**	(16)	**(14)**	(15)
Net liability at end of year	**230**	221	**190**	184
Amounts recognised in the income statement:				
Service costs	**4**	3	**3**	2
Interest costs	**19**	21	**15**	18
Net actuarial losses recognised	**2**	2	**2**	2
	25	26	**20**	22
The principal actuarial assumptions applied are:				
Discount rate	**7,75%**	8,0%	**7,75%**	8,0%
Health care cost inflation rate	**4,75%**	5,0%	**4,75%**	5,0%

Retirement gratuities

The Group 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:

	Group		Company	
	2005	2004*	**2005**	2004*
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**50**	45	**43**	40
Unrecognised actuarial gains	**2**	4	**3**	3
Net liability in balance sheet	**52**	49	**46**	43
The liability is reconciled as follows:				
Net liability at beginning of year	**49**	46	**43**	41
Net expense recognised in income statement	**6**	7	**5**	6
Payments made	**(3)**	(4)	**(2)**	(4)
Net liability at end of year	**52**	49	**46**	43
Amounts recognised in the income statement:				
Service costs	**2**	3	**2**	2
Interest costs	**4**	5	**3**	4
Net actuarial gains recognised		(1)		
	6	7	**5**	6
The principal actuarial assumptions applied are:				
Discount rate	**7,75%**	8,0%	**7,75%**	8,0%
Salary inflation rate	**4,75%**	5,0%	**4,75%**	5,0%

*Restated for IFRS

25. DIRECTORS' REMUNERATION AND INTERESTS

Directors' remuneration (R000)

The directors' remuneration for the year ended 31 December 2005 was as follows:

Name	Fees	Cash package	Bonus	Retirement and medical contributions	Other benefits	Share option gains	Total
Executive directors:							
B G Dunlop		2 036	975	229		144	3 384
A Fourie		1 883	825	222			2 930
G R Hibbert		1 615	761	194		96	2 666
G P N Kruger		1 886	775	229		86	2 976
M H Munro		1 616	784	195			2 595
S J Saunders		1 888	878	221		126	3 113
M Serfontein		1 520	722	175		478	2 895
P H Staude		3 475	1 685	372		96	5 628
	–	15 919	7 405	1 837	–	1 026	26 187

The separate payment of directors' fees to executive directors was discontinued with effect from 1 January 2005 and cash packages were adjusted to take this into account.

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

The directors' remuneration for the year ended 31 December 2004 was as follows:

Name	Fees	Cash package#	Bonus	Retirement and medical contributions	Other benefits	Share option gains	Total
Executive directors:							
D G Aitken (to 29 February 2004)	13	197		29	945∆	65	1 249
B G Dunlop	95	1 730	811	219	103 +	55	3 013
A Fourie	95	1 459	638	199	34 +	19	2 444
G R Hibbert	95	1 275	637	175	69 +	16	2 267
G P N Kruger	95	1 627	742	222	206 +	53	2 945
M H Munro	95	1 241	617	178		39	2 170
S J Saunders	95	1 620	767	214	206 +	74	2 976
M Serfontein	95	1 275	605	187	103 +	128	2 393
P H Staude	95	2 983	1 493	344	206 +	18	5 139
	773	13 407	6 310	1 767	1 872	467	24 596

\# During 2004 the company converted to a cash based remuneration structure which resulted in the inclusion in cash package of amounts in respect of various separate fringe benefits previously disclosed as other benefits. Cash package includes cash salary and travel expense allowances.

∆ Including accrued leave and retirement gratuity.

\+ A once-off lump sum settlement was paid on the discontinuance of an educational assistance scheme.

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

Annual salary increases in 2004 were postponed from 1 January 2004 to 1 April 2004.

25. DIRECTORS' REMUNERATION AND INTERESTS continued

Directors' remuneration (R000) continued

Name	2005 Fees	2005 Other	2005 Total	2004* Fees	2004* Other	2004* Total
Non-executive directors:						
D D Barber	**115**		**115**	95		95
P M Baum	**115**	**69**	**184**	95	60	155
I Botha	**115**	**84**	**199**	82	25	107
L Boyd	**115**	**138**	**253**	95	70	165
E le R Bradley	**115**	**165**	**280**	95	135	230
B E Davison	**115**		**115**	67		67
M W King	**115**	**108**	**223**	95	50	145
J B Magwaza	**115**	**1 936ø**	**2 051**	95	239ø	334
M Mia	**115**	**105**	**220**	95	80	175
T H Nyasulu	**115**	**96**	**211**	95	25	120
C M L Savage	**230**	**628**	**858**	215	571	786
R H J Stevens	**115**	**100**	**215**	95	90	185
A M Thompson	**115**		**115**	95		95
	1 610	**3 429**	**5 039**	1 314	1 345	2 659

ø Includes share option gain on the exercise of options awarded when he was an executive director.

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 2005.

Interest of directors of the company in share capital

The aggregate holdings as at 31 December 2005 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are beneficial except where indicated otherwise.

Name	2005 Direct shares	2005 Indirect shares	2004* Direct shares	2004* Indirect shares
Executive directors:				
B G Dunlop	**4 210**		1 440	
A Fourie	**8 314**		5 000	
G R Hibbert	**24 872**		21 562	
G P N Kruger	**4 057**		205	
M H Munro	**3 704**		500	
S J Saunders	**9 982**	**761 632**		761 632
S J Saunders (non-beneficial)		**487 376**		487 376
M Serfontein	**6 141**	**8 000**	1 000	8 000
P H Staude	**32 930**		22 049	
	94 210	**1 257 008**	51 756	1 257 008
Non-executive directors:				
L Boyd	**500**		500	
E le R Bradley		**104 191**		104 191
E le R Bradley (non-beneficial)		**20 934**		20 934
J B Magwaza	**5 760**		5 760	
C M L Savage	**24 003**	**73 225**	24 003	73 225
R H J Stevens	**618**		618	
	30 881	**198 350**	30 881	198 350

* Restated for IFRS

26. EMPLOYEE SHARE INCENTIVE SCHEMES

The adoption of IFRS 2 Share-based Payment in 2005 requires that all awards made after 7 November 2002 be accounted for in the financial statements of the company. IFRS 2 has therefore only 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).

The charge to the income statement resulting from the adoption of IFRS 2 is summarised as follows:

Rmillion	**2005**	2004	2003
Original share option scheme	**10**	8	3
New share incentive scheme	**5**		
Cost of share-based payments before tax	**15**	8	3
Tax relief on new share incentive scheme	**(2)**		
Cost of share-based payments after tax	**13**	8	3

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

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.

Option price Rand	Expiring ten years from	Number of options at 31 Dec 2004	Options granted in 2005	Options exercised in 2005	Options forfeited in 2005	Number of options at 31 Dec 2005	Options time constrained
40,00	24 March 1995	94 400		94 400			
33,25	4 November 1998	201 700		96 700		105 000	
32,90	5 March 1999	1 225 546		492 346		733 200	
40,10	7 May 1999	559 660		197 860		361 800	
30,00	19 May 2000	188 180		65 180	1 000	122 000	
29,40	26 July 2000	20 700		8 900		11 800	
39,85	12 January 2001	129 600		20 000	1 100	108 500	43 400
40,00	16 May 2001	1 146 705		355 222	6 200	785 283	
42,00	15 August 2001	58 500		2 400	1 100	55 000	
49,60	13 May 2002	1 279 930		190 880	17 700	1 071 350	321 405
31,90	14 April 2003	1 271 100		123 800	39 800	1 107 500	664 500
34,50	1 October 2003	45 000				45 000	27 000
47,00	21 April 2004	1 245 600			52 800	1 192 800	1 192 800
		7 466 621	–	1 647 688	119 700	5 699 233	2 249 105

Weighted average remaining life:
- Expected — 72,96 months or 6,08 years
- Contractual — 120 months or 10 years

The weighted average fair value costing of share options granted in 2003 and 2004, determined using the binomial tree valuation model, was R15,28 per share. No awards were made in 2005 under the original share option schemes.

26. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

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 price at grant date is the share price on 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	9,02%
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	R40,40
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.

Share Appreciation Rights 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 Group performance levels over a performance period.

Grant price Rand	Expiring seven years from	Number of rights at 31 Dec 2004	Rights granted in 2005	Rights forfeited in 2005	Number of rights at 31 Dec 2005	Rights time constrained
57,58	10 May 2005	–	1 395 114	22 952	1 372 162	1 372 162

Weighted average remaining life:

- Expected	76,27 months or 6,36 years
- Contractual	84 months or 7 years

The fair value costing of one share appreciation right granted during 2005, determined using the binomial tree valuation model and non-market performance conditions, was R13,88.

The significant inputs into the model were:

Share price at grant date	The share price at grant date is the price at which the share appreciation right is issued, as noted above.
Exercise price	The exercise price is the share price at grant date, as noted above.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	8.09%
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 appreciation rights 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	R57,58
Expected early exercise	Early exercise is taken into account on an expectation basis.
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.

26. 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.

Issue price Rand	Expiring three years from	Number of conditional awards at 31 Dec 2004	Conditional awards granted in 2005	Conditional awards forfeited in 2005	Number of conditional awards at 31 Dec 2005	Conditional awards time constrained
57,58	10 May 2005	–	345 842	2 720	343 122	343 122

Weighted average remaining life:

- Expected	28,27 months or 2,36 years
- Contractual	36 months or 3 years

The fair value costing of one conditional share award granted during 2005, determined using the Monte Carlo Simulation model and non-market performance conditions, was R24,96.

The significant inputs into the model were:

Share price at grant date	The share price at grant date is the price at which the conditional share award is issued, as noted above.
Exercise price	The exercise price is the 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	7,44%
Expected volatility	Expected volatility of 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 3,9% was used.
Weighted average share price	R57,58
Expected early exercise	Early exercise is taken into account on an expectation basis.
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).

26. 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.

Issue price Rand	Expiring three years from	Number of conditional awards at 31 Dec 2004	Conditional awards granted in 2005	Conditional awards forfeited in 2005	Number of conditional awards at 31 Dec 2005	Conditional awards time constrained
57,76	4 May 2005	–	35 094	–	35 094	35 094

The deferred bonus shares were purchased by the participating employees over the period from 4 May 2005 to 10 May 2005.

Weighted average remaining life:

- Expected	28,08 months or 2,34 years
- Contractual	36 months or 3 years

The fair value costing of one deferred bonus share award granted during 2005 was R50,00.

The significant inputs into the model were:

Share price at grant date	The share price at grant date is the price at which the deferred bonus share is issued, as noted above.
Exercise price	The exercise price is the 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	R57,76
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.

26. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Interest of directors of the company in share-based instruments

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

The Original Share Option Schemes

Name	Option price Rand	Expiring ten years from	Number of options at 31 Dec 2004	Options exercised in 2005	Number of options at 31 Dec 2005	Options time constrained
Executive directors:						
B G Dunlop	40,00	24 March 1995	6 000	6 000		
	33,25	4 November 1998	8 000		8 000	
	32,90	5 March 1999	39 000		39 000	
	40,10	7 May 1999	14 000		14 000	
	30,00	19 May 2000	7 000		7 000	
	39,85	12 January 2001	9 000		9 000	3 600
	40,00	16 May 2001	30 000		30 000	
	49,60	13 May 2002	25 000		25 000	7 500
	31,90	14 April 2003	24 400		24 400	14 640
	47,00	21 April 2004	3 600		3 600	3 600
			166 000	6 000	160 000	29 340
A Fourie	33,25	4 November 1998	4 000		4 000	
	32,90	5 March 1999	18 000		18 000	
	40,10	7 May 1999	5 200		5 200	
	30,00	19 May 2000	4 000		4 000	
	39,85	12 January 2001	2 400		2 400	960
	40,00	16 May 2001	10 000		10 000	
	49,60	13 May 2002	35 000		35 000	10 500
	31,90	14 April 2003	40 000		40 000	24 000
	47,00	21 April 2004	30 000		30 000	30 000
			148 600		148 600	65 460
G R Hibbert	40,00	24 March 1995	4 000	4 000		
	33,25	4 November 1998	8 000		8 000	
	32,90	5 March 1999	40 000		40 000	
	40,10	7 May 1999	9 000		9 000	
	30,00	19 May 2000	4 000		4 000	
	39,85	12 January 2001	5 000		5 000	2 000
	40,00	16 May 2001	15 000		15 000	
	49,60	13 May 2002	15 000		15 000	4 500
	31,90	14 April 2003	15 000		15 000	9 000
	47,00	21 April 2004	25 000		25 000	25 000
			140 000	4 000	136 000	40 500
G P N Kruger	40,00	24 March 1995	4 000	4 000		
	33,25	4 November 1998	8 000		8 000	
	32,90	5 March 1999	43 000		43 000	
	40,10	7 May 1999	14 000		14 000	
	30,00	19 May 2000	4 000		4 000	
	39,85	12 January 2001	5 000		5 000	2 000
	40,00	16 May 2001	20 000		20 000	
	49,60	13 May 2002	25 000		25 000	7 500
	31,90	14 April 2003	20 000		20 000	12 000
	47,00	21 April 2004	10 000		10 000	10 000
			153 000	4 000	149 000	31 500

26. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

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

The Original Share Option Schemes continued

Name	Option price Rand	Expiring ten years from	Number of options at 31 Dec 2004	Options exercised in 2005	Number of options at 31 Dec 2005	Options time constrained
Executive directors continued:						
M H Munro	33,25	4 November 1998	4 000		4 000	
	32,90	5 March 1999	14 000		14 000	
	40,10	7 May 1999	5 800		5 800	
	30,00	19 May 2000	3 800		3 800	
	39,85	12 January 2001	2 400		2 400	960
	40,00	16 May 2001	9 000		9 000	
	49,60	13 May 2002	11 500		11 500	3 450
	31,90	14 April 2003	12 400		12 400	7 440
	34,50	1 October 2003	30 000		30 000	18 000
	47,00	21 April 2004	32 000		32 000	32 000
			124 900		124 900	61 850
S J Saunders	40,00	24 March 1995	6 000	6 000		
	33,25	4 November 1998	8 000		8 000	
	32,90	5 March 1999	30 000		30 000	
	40,10	7 May 1999	14 000		14 000	
	30,00	19 May 2000	5 000		5 000	
	39,85	12 January 2001	5 000		5 000	2 000
	40,00	16 May 2001	18 000		18 000	
	49,60	13 May 2002	18 000		18 000	5 400
	31,90	14 April 2003	18 000		18 000	10 800
	47,00	21 April 2004	18 000		18 000	18 000
			140 000	6 000	134 000	36 200
M Serfontein	33,25	4 November 1998	8 000	8 000		
	32,90	5 March 1999	28 000	9 000	19 000	
	40,10	7 May 1999	10 000		10 000	
	30,00	19 May 2000	5 000		5 000	
	39,85	12 January 2001	5 000		5 000	2 000
	40,00	16 May 2001	15 000		15 000	
	49,60	13 May 2002	15 000		15 000	4 500
	31,90	14 April 2003	20 000		20 000	12 000
	47,00	21 April 2004	14 000		14 000	14 000
			120 000	17 000	103 000	32 500
P H Staude	40,00	24 March 1995	4 000	4 000		
	33,25	4 November 1998	10 000		10 000	
	32,90	5 March 1999	49 000		49 000	
	40,10	7 May 1999	14 000		14 000	
	30,00	19 May 2000	7 000		7 000	
	39,85	12 January 2001	9 000		9 000	3 600
	40,00	16 May 2001	30 000		30 000	
	49,60	13 May 2002	65 000		65 000	19 500
	31,90	14 April 2003	30 000		30 000	18 000
	47,00	21 April 2004	28 000		28 000	28 000
			246 000	4 000	242 000	69 100

26. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

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

The Original Share Option Schemes continued

Name	Option price Rand	Expiring ten years from	Number of options at 31 Dec 2004	Options exercised in 2005	Number of options at 31 Dec 2005	Options time constrained
Non-executive directors: #						
J B Magwaza	40,00	24 March 1995	4 800	4 800		
	33,25	4 November 1998	7 000	7 000		
	32,90	5 March 1999	30 000	30 000		
	40,10	7 May 1999	10 000	10 000		
	30,00	19 May 2000	5 000	3 000	2 000	
	39,85	12 January 2001	4 000	2 400	1 600	640
	40,00	16 May 2001	20 000	14 000	6 000	
	49,60	13 May 2002	10 000	4 000	6 000	1 800
			90 800	75 200	15 600	2 440
C M L Savage	32,90	5 March 1999	60 000		60 000	
	40,10	7 May 1999	50 000		50 000	
	39,85	12 January 2001	8 000		8 000	3 200
	40,00	16 May 2001	22 000		22 000	
			140 000		140 000	3 200
Total			1 469 300	116 200	1 353 100	372 090

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

26. EMPLOYEES SHARE INCENTIVE SCHEMES continued

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

The interests of the directors in other share-based instruments of the company are shown in the tables below:

Share Appreciation Rights Scheme 2005

Name	Grant price Rand	Expiring seven years from	Number of rights at 31 Dec 2004	Rights granted in 2005	Number of rights at 31 Dec 2005	Rights time constrained
Executive directors:						
B G Dunlop	57,58	10 May 2005		40 597	40 597	40 597
A Fourie	57,58	10 May 2005		37 381	37 381	37 381
G R Hibbert	57,58	10 May 2005		30 776	30 776	30 776
G P N Kruger	57,58	10 May 2005		32 610	32 610	32 610
M H Munro	57,58	10 May 2005		32 185	32 185	32 185
S J Saunders	57,58	10 May 2005		31 003	31 003	31 003
M Serfontein	57,58	10 May 2005		24 942	24 942	24 942
P H Staude	57,58	10 May 2005		92 810	92 810	92 810
			–	322 304	322 304	322 304

Long Term Incentive Plan 2005

Name	Issue price Rand	Expiring three years from	Number of conditional awards at 31 Dec 2004	Conditional awards granted in 2005	Number of conditional awards at 31 Dec 2005	Conditional awards time constrained
Executive directors:						
B G Dunlop	57,58	10 May 2005		20 126	20 126	20 126
A Fourie	57,58	10 May 2005		18 528	18 528	18 528
G R Hibbert	57,58	10 May 2005		15 730	15 730	15 730
G P N Kruger	57,58	10 May 2005		17 825	17 825	17 825
M H Munro	57,58	10 May 2005		15 955	15 955	15 955
S J Saunders	57,58	10 May 2005		17 308	17 308	17 308
M Serfontein	57,58	10 May 2005		13 925	13 925	13 925
P H Staude	57,58	10 May 2005		50 720	50 720	50 720
			–	170 117	170 117	170 117

Deferred Bonus Plan 2005

Name	Issue price Rand	Expiring three years from	Number of conditional awards at 31 Dec 2004	Conditional awards granted in 2005	Number of conditional awards at 31 Dec 2005	Conditional awards time constrained
Executive directors:						
B G Dunlop	57,76	4 May 2005		4 210	4 210	4 210
A Fourie	57,76	4 May 2005		3 314	3 314	3 314
G R Hibbert	57,76	4 May 2005		3 310	3 310	3 310
G P N Kruger	57,76	4 May 2005		3 852	3 852	3 852
M H Munro	57,76	4 May 2005		3 204	3 204	3 204
S J Saunders	57,76	4 May 2005		3 982	3 982	3 982
M Serfontein	57,76	4 May 2005		3 141	3 141	3 141
P H Staude	57,76	4 May 2005		10 081	10 081	10 081
			–	35 094	35 094	35 094

The deferred bonus shares were purchased over the period from 4 May 2005 to 10 May 2005.

27. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Guarantees in respect of obligations of the Group and third parties	**30**	21	**14**	15
Contingent liabilities	**14**	13	**11**	5
	44	34	**25**	20

28. LEASES (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**1**	2		
Later than one year and not later than five years	**2**	2		
Later than five years	**1**	1		
	4	5		
Less: future finance charges	**(1)**	(1)		
Present value of lease obligations	**3**	4		
Payable:				
Not later than one year	**1**	1		
Later than one year and not later than five years	**2**	2		
Later than five years		1		
	3	4		
Operating lease commitments, amounts due:				
Not later than one year	**12**	12	**8**	7
Later than one year and not later than five years	**27**	45	**17**	31
	39	57	**25**	38
In respect of:				
Property	**25**	42	**11**	24
Plant and machinery	**9**	6	**9**	6
Other	**5**	9	**5**	8
	39	57	**25**	38

29. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Group 2005	Group 2004*	Company 2005	Company 2004*
Contracted	**112**	52	**55**	39
Approved but not contracted	**187**	86	**137**	49
	299	138	**192**	88

Funds to meet this future expenditure will be provided from retained net cash flows and established facilities.

* Restated for IFRS

30. **RELATED PARTY TRANSACTIONS** (Rmillion)

During the year the Group, 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.

	Group		Company	
	2005	2004*	**2005**	2004*
Goods and services:				
Between the company and its subsidiaries			**3**	58
Transacted between subsidiaries within the Group	**3**			
Transacted with/between joint ventures within the Group	**39**	28	**3**	
Transacted with associate companies	**75**	62		
Sales to external related parties	**90**	87	**90**	87
Pension fund contributions	**37**	40	**28**	32
Administration fees and other income:				
Transacted between operating entities within the company			**1**	6
Between the company and its subsidiaries			**20**	14
Transacted between subsidiaries within the Group	**25**	21		
Transacted with/between joint ventures within the Group	**235**	235	**2**	2
Transacted with associate companies	**11**	9		
Paid to external related parties	**4**	4		
Interest paid:				
Transacted between operating entities within the company			**16**	8
Between the company and its subsidiaries			**1**	1
Transacted between joint ventures within the Group	**6**	3		
Interest received:				
Transacted between operating entities within the company			**119**	72
Transacted between subsidiaries within the Group	**8**	4		
Transacted with/between joint ventures within the Group	**23**	47	**39**	36
Sale of fixed assets:				
Between the company and its subsidiaries			**57**	28
Loan balances:				
Transacted between operating entities within the company			**1 354**	1 497
Between the company and its subsidiaries			**62**	94
Transacted with/between joint ventures within the Group	**192**	510	**463**	430
With directors of the company		2		2
External related parties	**12**	10	**12**	10
Dividends received:				
Transacted between operating entities within the company			**47**	33
Between the company and its subsidiaries			**45**	56
Transacted between subsidiaries within the Group	**19**	51		

Other related party information:
Export partnership - refer to note 4
Total dividends paid to the holding company and other shareholders - refer to note 23
Directors - refer to notes 25 and 26

* Restated for IFRS

31. **FINANCIAL RISK MANAGEMENT**

The Group's 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 are carried at fair value or amounts that approximate fair value.

In the normal course of its operations, the Group is inter alia exposed to credit, foreign currency, interest, liquidity and commodity price risk. In order to manage these risks, the Group 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 the risks and the hedging activities of the Group. The Group does not speculate in or engage in the trading of derivative instruments. Since the Group utilises derivative instruments 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.

Credit risk

The Group's financial instruments do not represent a concentration of credit risk because the Group deals with a variety of major banks, and its accounts receivable and loans are spread among a number of major industries, customers and geographic areas. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. 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.

Foreign currency risk

In the normal course of business, the Group enters into transactions denominated in foreign currencies. As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The Group uses a variety of instruments to minimise foreign currency exchange rate risk in terms of its risk management policy. In principle it is the Group's policy to cover its foreign currency exposure in respect of liabilities and purchase commitments and an appropriate portion of its 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. The Group is not reliant on imported raw materials to any significant extent.

The Group's forward exchange contracts that constitute designated hedges of currency risk at year end are summarised as follows:

	Group				Company			
			2005	2004*			**2005**	2004*
	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)
Imports								
Australian dollars	4,87	1			4,85	1		
Euro	7,81	5			7,63	1		
US dollars	6,89	9	**(1)**		6,55	8		
UK pounds	10,94	4						
		19	**(1)**			10		
Exports								
Australian dollars	4,68	4			4,68	4		
Euro	7,64	11						
US dollars	6,48	384	**7**	28	6,74	82	**4**	8
		399	**7**	28		86	**4**	8
Loan capital payments and interest								
US dollars	7,06	121	**(7)**	(36)				
Total			**(1)**	(8)			**4**	8

The hedges in respect of imports and exports are expected to mature within approximately one year. The hedges in respect of the capital payments and interest on the loan will mature during 2006 and 2007.

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

* Restated for IFRS

31. FINANCIAL RISK MANAGEMENT continued

The Group's forward exchange contracts that do not constitute designated hedges of currency risk at year end are summarised as follows:

	Group				Company			
			2005	2004*			**2005**	2004*
	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)
Imports								
US dollars	6,44	4		(1)	6,44	4		(1)
Euro	7,69	3			7,69	3		
		7		(1)		7		(1)
Exports								
US dollars	6,36	16		5	6,36	12		3
UK pounds	12,08	4						
		20		5		12		3
Total				4				2

The Group has the following uncovered foreign receivables:

	Group			Company		
	Foreign Amount (million)	**2005 (Rmillion)**	2004* (Rmillion)	Foreign Amount (million)	**2005 (Rmillion)**	2004* (Rmillion)
US dollars	1	**8**	90	1	**6**	15
UK pounds		**4**	7			
Mozambique Metical			17			17
Euro			8			
Australian dollars			5			5
		12	127		**6**	37

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 the Group'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.

African Products has secured its maize requirements for the current maize season to 31 May 2006 and a significant portion of its requirements for the year ending 31 May 2007 by means of unpriced procurement contracts and futures.

Hulett Aluminium purchases its aluminium raw material at prices that fluctuate with movements in the London Metal Exchange price for aluminium and the Rand/US dollar exchange rate. The exposure to movements in the price of aluminium arising from fixed price sales contracts is hedged by entering into fixed price purchase contracts with suppliers and by futures contracts.

* Restated for IFRS

31. FINANCIAL RISK MANAGEMENT continued

Commodity price risk continued

At the year end the commodity futures contracts were:

Futures hedge accounted:

	Group				Company			
	Tons	Contract value (Rmillion)	**2005 Fair value (Rmillion)**	2004* Fair value (Rmillion)	Tons	Contract value (Rmillion)	**2005 Fair value (Rmillion)**	2004* Fair value (Rmillion)
Raw sugar futures purchased	50 453	78	**8**	3	50 453	78	**8**	3
Raw sugar futures sold	53 428	99	**(9)**	(9)	53 428	99	**(9)**	(9)
Maize futures purchased	5 600	5	**1**	(1)	5 600	5	**1**	(1)
Maize futures sold	62 696	91	**18**		62 696	91	**18**	
Aluminium futures purchased	3 275	8	**7**					
Aluminium futures sold	438	1						
			25	(7)			**18**	(7)

Embedded derivatives:

	Group	
	2005 Fair value (Rmillion)	2004* Fair value (Rmillion)
Sales orders not yet fulfilled	**(1)**	(5)

Interest rate risk
The Group 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. The Group is 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 using derivatives, where it is considered appropriate, and through the Group cash management system, which enables the Group to maximise returns while minimising risks.

Liquidity risk
The Group manages its liquidity risk by monitoring forecast cash flows on a weekly basis. The Group has unutilised committed banking facilities of R1,3 billion (2004* - R696 million).

32. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES (Rmillion)

	Interest of Holding Company			
	Shares		Indebtedness	
	2005	2004*	**2005**	2004*
African Products (Pty) Limited	**15**	15	**(15)**	(15)
# Hulett Aluminium (Pty) Limited (50%) Hulett-Hydro Extrusions (Pty) Limited (35%)	**7**	7	**646**	582
Moreland Estates (Pty) Limited			**(223)**	(113)
Tongaat-Hulett Sugar Limited Tambankulu Estates Limited (Swaziland) Açucareira de Moçambique, SARL (Mozambique) (75%) + Triangle Sugar Corporation Limited (Zimbabwe)	**487**	451	**164**	94
The Tongaat Group Limited	**54**	54	**(47)**	(24)
	563	527	**525**	524

\# Joint Venture
\+ Not consolidated

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

* Restated for IFRS

33. NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

IAS 19 Employee Benefits (Amended), which is not effective for 2005, allows an entity to account for actuarial gains/losses either by recognising them in profit or loss over the expected remaining lives of participants, or outside profit or loss in a "statement of recognised income and expense". The statement includes pension fund accounting and the provisions for post-retirement medical costs and retirement gratuities.

In addition to the above, the following new standards and interpretations were also in issue but not effective for 2005. The Group 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 the Group's results and disclosures:

IFRS 7	Financial Instruments: Disclosures
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC 8	Scope of IFRS 2

34. JUDGEMENTS 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 judgements 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 Moreland:
  Judgement 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 values:
  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 the Group, using valuation models prescribed under IFRS.
- Decommissioning and rehabilitation obligations in respect of the environment:
  The Group monitors and assesses its obligations arising from decommissioning of plant and rehabilitation of the environment on an ongoing basis.
- Post-employment 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 increases.

  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.

35. KEY SOURCES OF ESTIMATION UNCERTAINTY

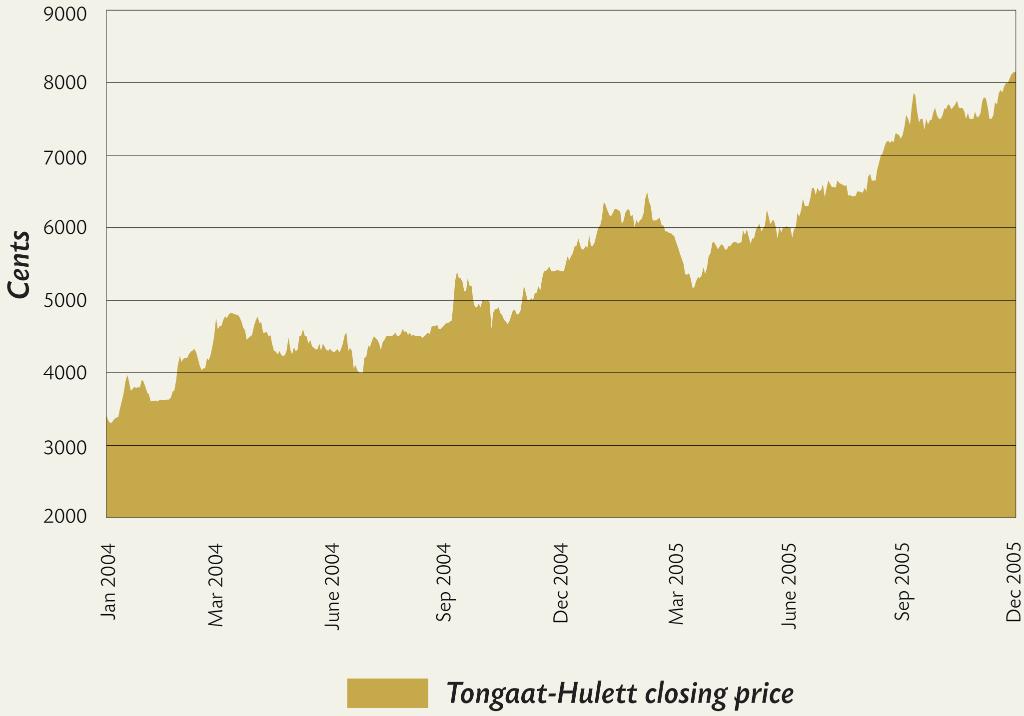
There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

SHARE OWNERSHIP ANALYSIS

at 31 December 2005

Number of shareholders	Spread	Shares held	% Held
4 648	1 - 1 000 shares	1 557 610	1,50
1 499	1 001 - 10 000 shares	4 369 337	4,21
280	10 001 - 100 000 shares	9 255 793	8,91
76	100 001 - 1 000 000 shares	19 199 185	18,48
7	more than 1 000 000 shares	69 513 704	66,90
6 510	Total	103 895 629	100,00
	Category		
16	Banks	67 119	0,06
65	Close Corporations	60 943	0,06
1	Holding Company	53 657 600	51,65
4 866	Individuals	5 383 776	5,18
35	Insurance Companies	9 791 490	9,42
13	Investment Companies	1 125 304	1,08
92	Mutual Funds	7 545 947	7,26
982	Nominees and Trusts	10 239 144	9,86
68	Other Corporations	378 440	0,36
116	Pension Funds	14 153 907	13,62
243	Private Companies	1 284 794	1,25
11	Public Companies	106 928	0,10
2	Share Schemes	100 237	0,10
6 510	Total	103 895 629	100,00
	Type of shareholder		
	Non-public		
19	Directors and associates of the company	1 580 449	1,52
1	Strategic holdings	53 657 600	51,65
4	Own holdings	81 934	0,08
3	Issuer pension funds	1 531 261	1,47
27	Total Non-public	56 851 244	54,72
6 483	Public	47 044 385	45,28
6 510	Total	103 895 629	100,00
	Beneficial shareholdings over four percent		
	Anglo South Africa Capital (Pty) Limited	53 657 600	51,65
	Liberty Group	7 174 468	6,91
	Public Investment Corporation	5 676 702	5,46

SHARE PRICE PERFORMANCE



SHAREHOLDERS' DIARY

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

CORPORATE INFORMATION

Registration Number: 1892/000610/06
Share Code: TNT
Issuer Code: THGL
ISIN Number: ZAE 000007449

Group Secretary

M M L Mokoka (34)
Appointed group secretary 2005

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

Cox Yeats
Garlicke & Bousfield
Shepstone & Wylie
Taback & Associates

Auditors

Deloitte & Touche

Securities Exchange Listings

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

Transfer Secretaries

South Africa:
Computershare Investor Services
(2004) (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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the one hundred and fourteenth annual general meeting of shareholders will be held at the Corporate Office, Amanzimnyama Hill, Tongaat, KwaZulu-Natal on Friday 21 April 2006 at 09h00.

Order of business

1. To receive and consider the annual financial statements of the company and of the Group for the year ended 31 December 2005.
2. To elect directors in place of Mrs E le R Bradley, Messrs P M Baum, A Fourie, M Mia, C M L Savage, R H J Stevens and A M Thompson, who retire in accordance with the articles of association and who, being eligible, offer themselves for re-election. Details of each of these retiring directors are set out on pages 34 and 35 of the 2005 Annual Report.
3. To consider and, if deemed fit, to pass, with or without modification, the following resolutions, subject to the approval of the JSE Securities Exchange South Africa ("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 should 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 generally accepted accounting practice, 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 2005 Annual Report as follows:

a. directors of the company (see pages 34 and 35);
b. major shareholders (see page 81);
c. directors' interests in the company's securities (see page 66 and pages 71 to 74);
d. share capital (see page 58).

There have been no material changes since 31 December 2005.

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 on pages 34 and 35 of the 2005 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 21 April 2006 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 issued 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 should 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 2006, as recommended by the Remuneration Committee and the board, subject to ratification by the shareholders at the annual general meeting, be and are hereby approved."

Proposed Directors' Fees with effect from 1 January 2006.

Type of fee	Existing fees R	Proposed fees from 1 January 2006 R
Group Board:		
Chairman	230 000 pa	500 000 pa≠
Non-Executive Directors	115 000 pa	135 000 pa
Non-Executive Directors: Operating Company Boards	60 000 pa	70 000 pa
Audit and Compliance Committee:		
Chairman	120 000 pa	140 000 pa
Non-Executive Directors	60 000 pa	70 000 pa
Remuneration Committee:		
Chairman	90 000 pa	106 000 pa
Non-Executive Directors	45 000 pa	53 000 pa
Employment Equity Committee:		
Non-Executive Directors	45 000 pa	53 000 pa

≠ Separate consulting fee, included in note 25 of the Annual Financial Statements, to be discontinued with effect from the annual general meeting on 21 April 2006.

4. 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 Thursday 13 April 2006. The completion of a proxy form will not preclude a member from attending the meeting.

By order of the board

M M L Mokoka
Group Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

17 February 2006

The Tongaat-Hulett Group Limited

Registration Number: 1892/000610/06 JSE Code: TNT Issuer Code: THGL ISIN Number: ZAE 000007449

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 The Tongaat-Hulett Group Limited 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 Friday 21 April 2006 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-election of directors: P M Baum			
E le R Bradley			
A Fourie			
M Mia			
C M L Savage			
R H J Stevens			
A M Thompson			
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 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 .... 2006 Signature ....

Completed forms of proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Thursday 13 April 2006.

South Africa: Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).

United Kingdom: Capita Registrars, 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.