



Cedric Savage
Chairman

Corporate Restructuring Together with the Introduction of BEE Equity Participation

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

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

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

Profit from Operations

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

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

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

Board Changes

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

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

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

Business Sustainability

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

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

Corporate Governance

The recommendations and requirements of the King II Report on Corporate Governance and the related requirements of the JSE are integral to our corporate governance framework. The Board continues to uphold the underlying principles of openness, integrity, accountability, transparency and social responsibility. This was acknowledged through research conducted by the Board Barometer, an organisation which assesses the level of compliance South African companies

exhibit towards the composition of their Boards and their attitude towards corporate governance and transparency. The research rated Tongaat Hulett in first position of the 16 companies surveyed in the food and beverage sector.

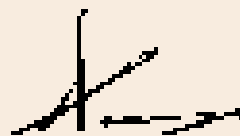
The annual evaluation of the Board and its committees was conducted in 2007 and provided us with important feedback on how to further improve the effectiveness of the Board and its sub-committees.

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

Appreciation

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

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



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Chairman

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Tongaat, KwaZulu-Natal

21 February 2008