ANNUAL *FINANCIAL STATEMENTS*

for the year ended 31 December 2008

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FINANCIAL HIGHLIGHTS

	2008	2007
Revenue (Rmillion)	**7 106**	6 395
Profit from operations (Rmillion)	**1 132**	838
Net profit attributable to shareholders (Rmillion)	**649**	3 457
Headline earnings (Rmillion)	**583**	61
Earnings per share - basic (cents)	**629,7**	3 292,8
Headline earnings per share - basic (cents)	**565,6**	58,1
Annual dividend per share (cents)	**310,0**	310,0

CURRENCY CONVERSION GUIDE

	Closing rate at 31 December		
	2008	2007	2006
US dollar	**9,30**	6,84	7,00
UK pound	**13,45**	13,61	13,73
Euro	**12,93**	9,99	9,22

	Average rate for year		
	2008	2007	2006
US dollar	**8,27**	7,05	6,77
UK pound	**15,32**	14,11	12,48
Euro	**12,17**	9,67	8,51

REPORT OF THE INDEPENDENT AUDITORS

to the members of Tongaat Hulett Limited

Report on the Financial Statements

We have audited the annual financial statements and the consolidated annual financial statements of Tongaat Hulett Limited, which comprise the directors' report, the balance sheet as at 31 December 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on page 56 and pages 59 to 102.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position and consolidated financial position of Tongaat Hulett Limited as at 31 December 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Audit KZN
Registered Auditors
Per JAR Welch
Partner

19 February 2009

2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2008

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

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

In preparing the financial statements, the company has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company at 31 December 2008 and the results of its operations for the year then ended. The directors are also of the opinion that the company will continue as a going concern in the year ahead.

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

The company's independent external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears on page 58.

The annual financial statements were approved by the board of directors on 19 February 2009 and are signed on its behalf by:

C M L Savage
Chairman

P H Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

19 February 2009

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 2008 and that all such returns are true, correct and up to date.

D McIlrath
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

19 February 2009

DIRECTORS' STATUTORY REPORT

The directors have pleasure in submitting the consolidated annual financial statements of the company for the year ended 31 December 2008.

NATURE OF BUSINESS

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

FINANCIAL RESULTS

The net profit attributable to shareholders for the year ended 31 December 2008 amounted to R649 million (2007 - R3,457 billion). This translates into headline earnings per share of 565,6 cents (2007 - 58,1 cents) based on the weighted average number of shares in issue during the year.

DIVIDENDS

An interim dividend number 162 of 160 cents per share was paid on 4 September 2008 and a final dividend number 163 of 150 cents per share has been declared and is payable on 26 March 2009 to shareholders registered at the close of business on 20 March 2009.

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

Last date to trade ordinary shares "CUM" dividend	Friday	13 March 2009
Ordinary shares trade "EX" dividend	Monday	16 March 2009
Record date	Friday	20 March 2009
Payment date	Thursday	26 March 2009

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 16 March 2009 and Friday 20 March 2009, 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 13 March 2009.

SHARE CAPITAL

There was no change in the authorised capital of the company.

During the year 241 528 shares were allotted (including 60 000 shares to directors) in respect of options exercised in terms of the company's employee share incentive schemes for a total consideration of R7 million. Details of the unissued ordinary shares and the company's share incentive schemes are set out in notes 11, 33 and 34.

Shareholders will be asked to consider an ordinary resolution at the forthcoming annual general meeting to place unissued shares of the company up to five percent of the number of shares in issue at 29 April 2009 under the control of the directors until the following annual general meeting.

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

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

- being effected through the order book operated by the JSE trading system;
- being authorised thereto by the company's articles of association;
- being authorised by the shareholders of the company in terms of a special resolution of the company in general meeting which will be valid only until the next annual general meeting of the company; provided that such authority will not extend beyond 15 months from the date of the resolution; and
- 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 are of the opinion that after considering 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 19 February 2009;
- 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 19 February 2009. 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 share 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 19 February 2009; and
- the working capital of the company and the group for a period of 12 months from 19 February 2009 will be adequate for the company's and the group's requirements.

SUBSIDIARY COMPANIES AND JOINT VENTURES

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

The attributable interest of the company in the results of its consolidated subsidiaries and joint ventures for the year ended 31 December 2008 is as follows:

	2008	2007
In the aggregate amount of:		
Net profit - (R million)	506	565
Net losses - (R million)	5	12

DIRECTORATE

During the year, three new independent non-executive directors were appointed to the Tongaat Hulett Board. The composition of the Board, at 31 December 2008, is as follows: C M L Savage (Chairman), P H Staude (Chief Executive Officer), P M Baum, E le R Bradley, B G Dunlop, F Jakoet, J John, J B Magwaza, T V Maphai, M Mia, N Mjoli-Mncube, M H Munro, T H Nyasulu, C B Sibisi, R H J Stevens and J G Williams.

Directors retiring by rotation at the annual general meeting in accordance with article 61 of the articles of association are Mrs T H Nyasulu, Messrs B G Dunlop, M Mia and M H Munro. Mrs F Jakoet, Mrs N Mjoli-Mncube and Mr T V Maphai were appointed during the course of the last financial year and are required to retire and be re-elected at the annual general meeting in accordance with article 59 of the articles of association. These directors are all eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 53 to 55.

In addition to the above, shareholders are advised that Mr C M L Savage and Mrs E le R Bradley will retire from the Board at the close of business of the annual general meeting having reached the mandatory retirement age in terms of the articles of association of the company.

DIRECTORS' SHAREHOLDINGS

At 31 December 2008, the present directors of the company beneficially held a total of 308 629 ordinary shares equivalent to 0,3 percent in the company (2007 – 276 484 shares equivalent to 0,27 percent). They also held, in a non-beneficial capacity, a total of 12 710 ordinary shares equivalent to 0,01 percent in the company (2007 – 24 647 shares equivalent to 0,02 percent). Details of the directors' shareholdings and interests in the share incentive schemes are provided in notes 32 and 33. There has been no change in these holdings between 31 December 2008 and 19 February 2009.

AUDIT AND COMPLIANCE COMMITTEE

The Corporate Laws Amendment Act No 24 of 2006 (the Act) came into effect on 14 December 2007. The Tongaat Hulett Audit and Compliance Committee has considered the provisions of the Act and has taken the necessary steps to ensure compliance. The committee confirms that during 2008 it carried out its functions responsibly and in accordance with its terms of reference as detailed in the Corporate Governance section of the Annual Report. In addition, the committee is satisfied that the designated auditors of the company are independent of the company.

POST BALANCE SHEET EVENTS

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

BALANCE SHEETS

as at 31 December 2008 — *Tongaat Hulett Limited*

Company				Consolidated	
2007	2008	Rmillion	Note	**2008**	2007
		ASSETS			
		Non-current assets			
2 125	2 372	Property, plant and equipment	1	**4 659**	3 210
98	130	Growing crops	2	**742**	353
401	366	Long-term receivable and prepayment	3	**196**	203
		Goodwill	4	**99**	42
4	4	Intangible assets	5	**6**	6
265	265	Investments	6	**268**	267
1 138	1 904	Subsidiaries and joint ventures	7		
4 031	5 041			**5 970**	4 081
1 683	2 147	**Current assets**		**3 587**	3 546
1 032	1 401	Inventories	8	**1 709**	1 331
553	706	Trade and other receivables		**1 647**	1 742
12	2	Derivative instruments	9	**2**	12
65		Tax			65
21	38	Cash and cash equivalents	10	**229**	396
5 714	7 188	**TOTAL ASSETS**		**9 557**	7 627
		EQUITY AND LIABILITIES			
		Capital and reserves			
138	138	Share capital	11	**138**	138
1 517	1 506	Share premium		**1 506**	1 517
		BEE held consolidation shares	12	**(1 023)**	(1 053)
1 051	1 125	Retained income		**2 087**	1 796
353	368	Other reserves		**351**	337
3 059	3 137	**Shareholders' interest**		**3 059**	2 735
		Minority interests in subsidiaries		**276**	223
3 059	3 137	**Equity**		**3 335**	2 958
1 099	1 903	**Non-current liabilities**		**2 865**	2 156
487	469	Deferred tax	13	**582**	673
351	1 155	Long-term borrowings	14	**1 212**	410
		Non-recourse equity-settled BEE borrowings	15	**792**	812
261	279	Provisions	16	**279**	261
1 556	2 148	**Current liabilities**		**3 357**	2 513
636	957	Trade and other payables	17	**1 849**	1 494
918	1 166	Short-term borrowings	14	**1 373**	977
2	23	Derivative instruments	9	**23**	2
	2	Tax		**112**	40
5 714	7 188	**TOTAL EQUITY AND LIABILITIES**		**9 557**	7 627

INCOME STATEMENTS

for the year ended 31 December 2008 — *Tongaat Hulett Limited*

Company 2007	Company 2008	Rmillion	Note	Consolidated **2008**	Consolidated 2007
4 762	5 694	REVENUE - continuing operations		**7 106**	6 395
515	827	**Profit from Tongaat Hulett operations**		**1 132**	838
1	6	Capital profit on land		**22**	48
	49	Capital profit on insurance claim		**49**	
(379)	(31)	BEE IFRS 2 charge and transaction costs		**(33)**	(383)
	(7)	Valuation adjustments		**2**	(1)
3 348		Fair value adjustment of investment in Hulamin			3 348
3 485	844	**Operating profit after corporate transactions**	18	**1 172**	3 850
(151)	(360)	Financing costs	20	**(325)**	(193)
49	126	Finance income	20	**45**	74
3 383	610	**PROFIT BEFORE TAX**		**892**	3 731
(142)	(98)	Tax	21	**(212)**	(288)
3 241	512	**NET PROFIT AFTER TAX**		**680**	3 443
		DISCONTINUED OPERATION			
		Hulamin unbundling			42
3 241	512	**NET PROFIT**		**680**	3 485
		Attributable to:			
3 241	512	Shareholders		**649**	3 457
		Minority interest		**31**	28
3 241	512			**680**	3 485
		EARNINGS PER SHARE (cents)	23		
		Basic		**629,7**	3 292,8
		Diluted		**616,8**	3 220,7

CASH FLOW *STATEMENTS*

Company 2007	Company 2008	Rmillion	Consolidated 2008	Consolidated 2007
		Cash generated from operations		
3 185	515	Operating profit before dividends	**1 137**	3 797
300	329	Dividends received	**35**	53
3 485	844	Operating profit	**1 172**	3 850
(1)	(57)	Profit on disposal of property, plant and equipment	**(74)**	(48)
		Adjustments for:		
(3 348)		Fair value adjustment of investment in Hulamin		(3 348)
349		BEE IFRS 2 charge and accelerated vesting of share awards		350
192	191	Depreciation	**244**	222
		Adjustment for exchange rate translation (gain)/loss	**(9)**	1
14	18	Provisions	**18**	14
12	17	Other non-cash flow items	**(306)**	(71)
(190)	(44)	Tax payments	**(163)**	(293)
513	969	Cash generated from operations	**882**	677
		Cash required by operations		
(130)	(357)	Inventories	**(366)**	(216)
10	(150)	Trade and other receivables	**96**	(276)
85	322	Trade and other payables	**353**	317
(35)	(185)	Decrease/(increase) in working capital	**83**	(175)
478	784	Cash flow from operations	**965**	502
(102)	(234)	Net financing costs	**(280)**	(119)
376	550	**Cash flow from operating activities**	**685**	383
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(114)	(236)	- New	**(1 317)**	(516)
(174)	(186)	- Replacement	**(221)**	(193)
(46)	(38)	- Major plant overhaul costs capitalised	**(38)**	(46)
(4)	(1)	Expenditure on intangible assets	**(2)**	(4)
(4)	(3)	Expenditure on growing crops	**(167)**	(14)
10	78	Proceeds on disposal of property, plant and equipment	**96**	58
(263)	(699)	Investments - shares in subsidiary	**(55)**	(2)
(210)	7	Long-term receivable and prepayment	**7**	
(805)	(1 078)	Net cash used in investing activities	**(1 697)**	(717)
(429)	(528)	**Net cash flow before dividends and financing activities**	**(1 012)**	(334)
		Dividends paid		
(582)	(438)	Ordinary and preferred ordinary shares	**(336)**	(531)
		Minorities	**(19)**	(20)
(582)	(438)	Dividends paid	**(355)**	(551)
(1 011)	(966)	**Net cash flow before financing activities**	**(1 367)**	(885)
		Cash flows from financing activities		
230	1 052	Borrowings raised	**1 160**	712
		Non-recourse equity-settled BEE borrowings	**(20)**	812
1 115	7	Shares issued	**7**	49
		Equity contribution by BEE minorities		18
(450)		Share repurchase		(450)
(65)	(9)	Settlement of share-based payment awards	**(11)**	(73)
(9)		Share issue expenses		(9)
202	(67)	Inter-group loans		
1 023	983	Net cash from financing activities	**1 136**	1 059
12	17	**Net (decrease)/ increase in cash and cash equivalents**	**(231)**	174
9	21	Balance at beginning of year	**396**	509
		Foreign exchange adjustment	**55**	15
		Exchange rate translation gain/(loss)	**9**	(1)
		Subsidiaries consolidated		46
		Hulamin unbundling		(347)
21	38	**Cash and cash equivalents at end of year**	**229**	396

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2008 — *Tongaat Hulett Limited*

Rmillion	Share Capital			Share Premium	BEE Held Consolidation Shares	Capital Redemption Reserve Funds	Share-based Payment Reserve	Hedging and Translation Reserves	Retained Income	Shareholders' Interest	Minority Interest	Total
	Ordinary	B Ordinary	A Preferred Ordinary									
CONSOLIDATED												
Balance at 1 January 2007	107			932		33	42	(25)	3 868	4 957	76	5 033
Share capital issued	1	10	25	1 079	(1 053)					62		62
Purchase of ordinary shares	(5)								(445)	(450)		(450)
Equity contribution by BEE minorities											18	18
Share issue expenses				(9)						(9)		(9)
Transfer on exercise of options				9			(9)					
Currency exchange rate changes								19		19	4	23
Share-based payment charge							374			374		374
Settlement of share-based payment awards							(81)			(81)		(81)
Consolidation of subsidiaries											129	129
Hulamin unbundling				(494)			(12)	(4)	(4 546)	(5 056)	(19)	(5 075)
Net profit									3 457	3 457	28	3 485
Reallocation of minority interest									(7)	(7)	7	
Dividends paid									(531)	(531)		(531)
Dividends paid - minorities											(20)	(20)
Balance at 31 December 2007	103	10	25	1 517	(1 053)	33	314	(10)	1 796	2 735	223	2 958
Share capital issued				7						7		7
Amortisation of BEE IFRS 2 charge					30					30		30
Reallocation of exercised options				(18)			18					
Hedge reserve released to income statement								(4)		(4)		(4)
Loss from cash flow hedges								(11)		(11)		(11)
Currency exchange rate changes								(1)		(1)	27	26
Share-based payment charge							27			27		27
Settlement of share-based payment awards							(15)			(15)		(15)
Change of interest in subsidiary											(8)	(8)
Net profit									649	649	31	680
Reallocation of minority interest									(22)	(22)	22	
Dividends paid									(336)	(336)		(336)
Dividends paid - minorities											(19)	(19)
Balance at 31 December 2008	103	10	25	1 506	(1 023)	33	344	(26)	2 087	3 059	276	3 335
COMPANY												
Balance at 1 January 2007	107			932		29	42	4	2 185	3 299		
Share capital issued	1	10	25	1 079						1 115		
Purchase of ordinary shares	(5)								(445)	(450)		
Share issue expenses				(9)						(9)		
Transfer on exercise of options				9			(9)					
Share-based payment charge							374			374		
Settlement of share-based payment awards							(75)			(75)		
Hulamin unbundling				(494)			(12)		(3 348)	(3 854)		
Net profit									3 241	3 241		
Dividends paid									(582)	(582)		
Balance at 31 December 2007	103	10	25	1 517		29	320	4	1 051	3 059		
Share capital issued				7						7		
Reallocation of exercised options				(18)			18					
Hedge reserve released to income statement								(4)		(4)		
Loss from cash flow hedges								(11)		(11)		
Share-based payment charge							27			27		
Settlement of share-based payment awards							(15)			(15)		
Net profit									512	512		
Dividends paid									(438)	(438)		
Balance at 31 December 2008	103	10	25	1 506		29	350	(11)	1 125	3 137		

ACCOUNTING POLICIES AND FRAMEWORK

The annual financial statements are prepared in accordance with the accounting policies which fully comply with International Financial Reporting Standards (IFRS) and are consistent with those applied in the previous year.

BASIS OF CONSOLIDATION

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

INTANGIBLE ASSETS

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

GROWING CROPS

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

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

GOODWILL

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

ASSOCIATE COMPANIES

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

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

INVENTORIES

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

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

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

DEFERRED TAX

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

IMPAIRMENT

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

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

RESEARCH AND DEVELOPMENT

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

REVENUE

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

FOREIGN CURRENCIES

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

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

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

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

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

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

FINANCIAL INSTRUMENTS

Recognition

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

Measurement

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

- Trade and other receivables originated by Tongaat Hulett are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.
- Held-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.
- Unlisted investments are recorded at cost.

Gains or losses on subsequent measurement

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

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

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

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

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised in profit or loss for the year. 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 year.

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 year. For cash flow hedges affecting future transactions, the gains or losses, which are recognised in shareholders' equity, are transferred to profit or loss in the same period in which the hedged transaction affects profit or loss. Where the hedged transaction results in the recognition of an asset or a liability, then at the time the asset or liability is recognised, the associated gain or loss that had previously been recognised in shareholders' equity is included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Set-off

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

Financial guarantee contracts

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

GOVERNMENT GRANTS

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

EMPLOYEE BENEFITS

Retirement Funds

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

The 2001 Surplus Apportionment Plan was approved by the Financial Services Board in May 2007. During 2008, Tongaat Hulett became unconditionally entitled to its share of the employer surplus account pursuant to the 2001 apportionment plan and this was recognised as an asset by Tongaat Hulett. The manner in which the fund proceeds following the unbundling of Hulamin from Tongaat Hulett and the split between employers participating in the fund of the share of the actuarial surplus attributed to the employer surplus account has yet to be finalized and/or made unconditional. Accordingly, no further surplus apportionment has been recognised on the balance sheet.

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

Post-retirement Medical Aid Benefits and Retirement Gratuities

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

SHARE-BASED PAYMENTS

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

CORPORATE TRANSACTIONS CONCLUDED IN 2007

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

Unbundling of Hulamin

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

Share Repurchase

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

25% BEE Equity Participation Transactions

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

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

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

The BEE Infrastructure SPV participation interest, concluded in 2007, of R1,289 billion was funded through a combination of notional vendor financing (R821 million), preference share funding (R458 million) and equity and shareholders loans of R10 million. The BEE yoMoba SPV participation interest of R1,031 billion was funded through a combination of notional vendor financing (R657 million), preference share funding (R367 million) and equity and shareholders loans of R8 million. The SPV's participation interests are in the form of preferred ordinary shares which are entitled to receive a fixed coupon every year for a period of seven years. After seven years the preferred ordinary shares will cease to receive preferred ordinary dividends. Tongaat Hulett has therefore committed to pay a fixed coupon on these preferred ordinary shares of R100 million in aggregate on an annual basis and the preferred ordinary shares will not receive any ordinary dividends for the duration of the seven year period. In terms of the notional vendor finance arrangement between the respective SPVs and Tongaat Hulett (R821 milion in respect of the BEE Infrastructure SPV and R657 million in respect of the BEE yoMoba SPV), Tongaat

Hulett will be entitled to repurchase, at a price of R0,01 per share, such number of shares as determined in accordance with a repurchase formula, subject to the external funding claims in the SPV. The number of shares repurchased will be a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett and the success of the earn-in initiatives by the respective BEE partners. In compliance with IFRS, the two BEE SPV's are consolidated by Tongaat Hulett and consequently the preferred ordinary shares are not reflected as currently being ''in issue'' in the consolidated financial statements, but are taken into account when calculating diluted earnings per share. The external debt of the SPV's, amounting to R792 million in aggregate at 31 December 2008 (2007 – R812 million), is thus reflected on the consolidated balance sheet and the funding charge incurred by the SPV's is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will effectively be equity settled. After seven years the preferred ordinary shares will convert into Tongaat Hulett listed ordinary shares.

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

The IFRS 2 cost relating to the 7% BEE employee transaction is amortised over 5 years, commencing in the second half of 2007.

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

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

JUDGMENTS MADE BY MANAGEMENT

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

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

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

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

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

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

- **Decommissioning and rehabilitation obligations in respect of the environment:**

  Tongaat Hulett monitors and assesses its obligations arising from decommissioning of plant and rehabilitation of the environment on an ongoing basis.

- **Post-retirement benefit obligations:**

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

- **Valuation of financial instruments:**

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that management have assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year, other than in respect of The Tongaat-Hulett Pension Fund, as described under Employee Benefits on page 69.

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

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

The following relevant new standards and interpretations were also in issue but not effective for 2008. Tongaat Hulett is in the process of evaluating the effects of these new standards and interpretations but they are not expected to have a significant impact on Tongaat Hulett's results and disclosures:

IAS 1	Presentation of Financial Statements
IAS 23	Borrowing Costs
IFRS 8	Operating Segments

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

Consolidated	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Carrying value at beginning of year	3 210	498	1 750	279	73	610
Additions	1 576	215	232	605		524
Disposals	(23)	(12)	(9)	(2)		
Depreciation	(244)	(11)	(186)	(44)	(3)	
Transfers		9	111	18		(138)
Currency alignment	140	41	73	(13)	18	21
Carrying value at end of year	4 659	740	1 971	843	88	1 017
Comprising:						
2008						
At cost	6 670	949	3 391	1 201	112	1 017
Accumulated depreciation	2 011	209	1 420	358	24	
	4 659	740	1 971	843	88	1 017
2007						
At cost	4 976	674	3 018	582	92	610
Accumulated depreciation	1 766	176	1 268	303	19	
	3 210	498	1 750	279	73	610

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	2 125	303	1 468	118	1	235
Additions	460	157	187	18		98
Disposals	(22)	(11)	(9)	(2)		
Depreciation	(191)	(6)	(169)	(16)		
Transfers		9	111	18		(138)
Carrying value at end of year	2 372	452	1 588	136	1	195
Comprising:						
2008						
At cost	3 899	531	2 847	325	1	195
Accumulated depreciation	1 527	79	1 259	189		
	2 372	452	1 588	136	1	195
2007						
At cost	3 528	377	2 617	298	1	235
Accumulated depreciation	1 403	74	1 149	180		
	2 125	303	1 468	118	1	235

Plant and machinery in Mozambique subsidiaries with a book value of R287 million (2007 - R248 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R143 million (2007 - R111 million).

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

2. **GROWING CROPS** (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Carrying value at beginning of year	**353**	212	98	87
Subsidiaries consolidated		70		
Gain arising from physical growth and price changes	**145**	40	20	7
Increase due to increased area under cane	**185**	19	17	7
Decrease due to reduced area under cane	**(9)**	(3)	(5)	(3)
Currency alignment	**68**	15		
Carrying value at end of year	**742**	353	130	98
The carrying value comprises:				
Roots	**497**	201	83	58
Standing cane	**245**	152	47	40
	742	353	130	98
Area under cane (hectares):				
South Africa	**11 417**	10 401	11 417	10 401
Mozambique	**20 534**	14 393		
Swaziland	**3 750**	3 750		
	35 701	28 544	11 417	10 401

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

	Consolidated		Company	
	2008	2007	2008	2007
Long-term receivable				
Advances to an export partnership - at fair value				
Carrying value at beginning of year	**203**	203	203	203
Fair value adjustment due to reduction in tax rate	**(7)**		(7)	
Carrying value at end of year	**196**	203	196	203
Prepayment				
Contribution to the BEE Employee Share Ownership Plan	**136**	136	132	132
Contribution to the BEE Management Share Ownership Plan	**91**	91	78	78
	227	227	210	210
Less accumulated amortisation at end of year	**(43)**	(13)	(40)	(12)
At beginning of year	**(13)**		(12)	
Charge for the year	**(30)**	(13)	(28)	(12)
Less BEE share ownership plan consolidation shares	**(184)**	(214)		
			170	198
Carrying value at end of year	**196**	203	366	401

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

4. **GOODWILL** (Rmillion)

	Consolidated	
	2008	2007
Carrying value at beginning of year	**42**	21
Increase in shareholding in subsidiaries	**46**	20
Currency exchange rate changes	**11**	1
Carrying value at end of year	**99**	42

Goodwill is attributable to the Mozambique sugar operations and the Botswana subsidiary. Goodwill is tested annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections, which cover a period of twenty years, are based on the most recent budgets and forecasts approved by management and the extrapolation of cash flows which incorporate growth rates consistent with the average long term growth trends of the market. As at 31 December 2008, the carrying value of goodwill was considered not to require impairment.

5. INTANGIBLE ASSETS (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Software at cost:				
At beginning of year	**16**	26	11	7
Hulamin unbundling		(14)		
Additions	**2**	4	1	4
Diposals	**(2)**			
Currency alignment	**1**			
At end of year	**17**	16	12	11
Accumulated amortisation:				
At beginning of year	**10**	12	7	7
Hulamin unbundling		(2)		
Charge for the year	**2**		1	
Disposals	**(2)**			
Currency alignment	**1**			
At end of year	**11**	10	8	7
Carrying value at end of year	**6**	6	4	4

6. INVESTMENTS (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Unlisted shares at cost	**265**	264	263	263
Loans	**3**	3	2	2
Carrying value of investments (Directors' valuation)	**268**	267	265	265

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

7. SUBSIDIARIES AND JOINT VENTURES (Rmillion)

	Company	
	2008	2007
Shares at cost, less amounts written off	1 255	556
Indebtedness by	1 302	908
Indebtedness to	(653)	(326)
	1 904	1 138

Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of joint ventures which comprise in the main, Effingham Development and Tongaat Hulett/IFA Resort Developments and which are included in the consolidated financial statements are set out below.

	Consolidated	
	2008	2007
Property, plant, equipment and investments	**8**	7
Current assets	**328**	435
Less: Current liabilities	**(93)**	(170)
Interest in joint ventures	**243**	272
Tongaat Hulett's proportionate share of the trading results of the joint ventures is as follows:		
Revenue - continuing operations	**10**	224
Profit before tax	**16**	125
Tax	**(4)**	(15)
Net profit after tax	**12**	110
Discontinued operation - Hulamin unbundling		42
	12	152

7. SUBSIDIARIES AND JOINT VENTURES (Rmillion) continued

	Cosolidated	
	2008	2007
Tongaat Hulett's proportionate share of cash flows of the joint ventures is as follows:		
Cash flows from operating activities	**8**	69
Net cash used in investing activities	**(48)**	(19)
Net movement in cash resources	**(40)**	50

The original investment in Triangle Sugar is retained at a nominal value with the subsequent investment held at cost. As such, its assets and liabilities are not consolidated in the annual financial statements. Its results are accounted for in operating profit only to the extent that dividends, net of any witholding taxes, are received. Dividends of R35 million (2007 - R53 million) were received from Triangle Sugar in 2008.

8. INVENTORIES (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Raw materials	**386**	206	386	206
Work in progress	**13**	15	13	15
Finished goods	**933**	737	891	721
Consumable stores	**180**	142	111	90
Development properties	**197**	231		
	1 709	1 331	1 401	1 032

Included in raw materials is an amount of R305 million (2007 - R155 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. DERIVATIVE INSTRUMENTS (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	**(17)**	8	(17)	8
Forward exchange contracts - not hedge accounted	**(1)**	(1)	(1)	(1)
Futures contracts - hedge accounted	**(3)**	3	(3)	3
	(21)	10	(21)	10
Summarised as:				
Derivative assets	**2**	12	2	12
Derivative liabilities	**(23)**	(2)	(23)	(2)
	(21)	10	(21)	10

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

10. CASH AND CASH EQUIVALENTS

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

11. SHARE CAPITAL (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Authorised:				
150 000 000 ordinary shares of R1,00 each	**150**	150	150	150
30 000 000 A preferred ordinary shares of R1,00 each	**30**	30	30	30
6 000 000 B1 ordinary shares of R1,00 each	**6**	6	6	6
10 500 000 B2 ordinary shares of R1,00 each	**11**	11	11	11
3 200 000 B3 ordinary shares of R1,00 each	**3**	3	3	3
10 redeemable preference shares of R1,00 each				
	200	200	200	200
Issued and fully paid:				
103 246 983 (2007 - 103 005 455) ordinary shares of R1,00 each	**103**	103	103	103
25 104 976 A preferred ordinary shares of R1,00 each	**25**	25	25	25
5 422 829 B1 ordinary shares of R1,00 each	**6**	6	6	6
3 296 657 B2 ordinary shares of R1,00 each	**3**	3	3	3
1 021 422 B3 ordinary shares of R1,00 each	**1**	1	1	1
	138	138	138	138

Under control of the directors:
- for the purposes of the employee share option schemes 9 082 047 shares (2007 - 8 824 919 shares).
- in terms of a shareholders' resolution 5 153 918 shares (2007 - 5 330 818 shares).

Details of the employee share incentive schemes are set out in notes 33 and 34. Following the unbundling of Hulamin in 2007, the options granted to employees in terms of the original employee share option schemes which had not been exercised at the unbundling date were converted into two components, a Tongaat Hulett Limited component and a Hulamin Limited component, as described in note 33. At 31 December 2008 employees have an option to subscribe for 1 099 590 shares at an average price of R32,39 per share (2007 - 1 315 150 shares at an average price of R31,98 per share) in respect of the Tongaat Hulett component and the equivalent of approximately 143 000 shares in respect of the Hulamin component (2007 - 161 000 shares).

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

12. BEE HELD CONSOLIDATION SHARES (Rmillion)

	Consolidated	
	2008	2007
25 104 976 A preferred ordinary shares of R1,00 each	**839**	839
5 422 829 B1 ordinary shares of R1,00 each	**136**	136
3 296 657 B2 ordinary shares of R1,00 each	**46**	46
1 021 422 B3 ordinary shares of R1,00 each	**45**	45
	1 066	1 066
Less amortisation of IFRS 2 charge on shares relating to the BEE employee share ownership plans (notes 3 and 34)	**(43)**	(13)
	1 023	1 053

13. **DEFERRED TAX** (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Balance at beginning of year	**673**	1 055	487	472
Currency alignment	**3**			
Subsidiaries consolidated		4		
Hulamin unbundling		(450)		
Accounted for in equity	**(6)**	1	(6)	
Current year income statement (relief)/charge on:				
Earnings before exceptional items	**(11)**	68	(7)	13
Rate change adjustment	**(22)**		(17)	
Prior years' (relief)/charge	**(55)**	(5)	12	2
Balance at end of year	**582**	673	469	487
Comprising temporary differences relative to :				
Property, plant and equipment	**409**	395	382	372
Growing crops	**102**	47	36	28
Export partnership	**142**	203	142	203
Current assets	**78**	63	29	2
Current liabilities	**(26)**	(99)	(25)	(98)
Tax losses	**(5)**	(12)		(11)
Other	**(118)**	76	(95)	(9)
	582	673	469	487

14. **BORROWINGS** (Rmillion)

	Effective interest rate (%)	Consolidated		Company	
		2008	2007	2008	2007
Long-term		**1 212**	410	1 155	351
Short-term and bank overdraft		**1 373**	977	1 166	918
		2 585	1 387	2 321	1 269
Long-term borrowings comprise:					
Secured:					
SA Rand					
Finance leases (refer to note 28)	13,0	**1**	1	1	1
Repayable 2009/2016	11,3	**35**	28		
Foreign					
Repayable 2009/2012	14,9	**35**	31		
		71	60	1	1
Unsecured:					
SA Rand					
Long-term portion repayable 2010/2014	3 months JIBAR + 1,35%	**1 200**	350	1 200	350
Foreign					
Repayable 2009/2012	nil	**9**			
		1 209	350	1 200	350
Long-term borrowings		**1 280**	410	1 201	351
Less: Current portion included in short-term borrowings		**68**		46	
		1 212	410	1 155	351

Plant and machinery in Mozambique subsidiaries with a book value of R287 million (2007 - R248 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R143 million (2007 - R111 million).

Short-term borrowings comprise call loans and bank overdrafts with various South African financial institutions at interest rates linked to the prime overdraft rate as well as short-term borrowings in Mozambique equivalent to R143 million (2007 - R111 million).

Summary of future loan repayments by financial year:

Year	2010	2011	2012	2013	2014
Rmillion	113	113	101	90	795

In terms of the company's articles of association the borrowing powers of Tongaat Hulett are limited to R5 billion.

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

The non-recourse equity-settled BEE borrowings comprise:

	Effective interest rate (%)	Consolidated 2008	Consolidated 2007
4 122 000 Class A redeemable preference shares	8,486 nacs	**365**	412
4 122 000 Class B redeemable preference shares	10,873 nacs	**438**	413
Accrued dividends		**40**	40
		843	865
Less: BEE cash resources		**51**	53
		792	812

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

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

16. PROVISIONS (Rmillion)

	Consolidated 2008	Consolidated 2007	Company 2008	Company 2007
Post-retirement medical aid obligations (note 31)	**223**	209	223	209
Retirement gratuity obligations (note 31)	**55**	51	55	51
Other	**1**	1	1	1
	279	261	279	261

17. TRADE AND OTHER PAYABLES (Rmillion)

	Consolidated 2008	Consolidated 2007	Company 2008	Company 2007
Accounts payable	**1 476**	1 331	584	473
Maize obligation - interest bearing	**373**	163	373	163
	1 849	1 494	957	636

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

18. **OPERATING PROFIT** (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Revenue	**7106**	6 395	5 694	4 762
Cost of sales	**(5 578)**	(5 072)	(4 680)	(4 063)
Administration expenses	**(459)**	(589)	(400)	(419)
Marketing and selling expenses	**(179)**	(159)	(151)	(122)
Other income	**242**	263	364	357
Profit from Tongaat Hulett operations	**1 132**	838	827	515
Capital profit from land (refer to note 19)	**22**	48	6	1
Capital profit on insurance claim (refer to note 19)	**49**		49	
BEE IFRS 2 charge and transaction costs	**(33)**	(383)	(31)	(379)
Valuation adjustments	**2**	(1)	(7)	
Fair value adjustment of investment in Hulamin		3 348		3 348
Operating profit after corporate transactions	**1 172**	3 850	844	3 485
Disclosable items included in operating profit:				
Dividends received from subsidiaries:				
Triangle Sugar	**35**	53	35	53
Other subsidiaries			294	247
Loss on disposal of plant and equipment	**3**		2	1
Amortisation of intangible assets	**2**		1	
Depreciation charged:				
Buildings	**11**	9	6	5
Plant and equipment	**186**	182	169	171
Vehicles and other	**47**	31	16	16
Growing crops fair valuation	**153**	44	29	11
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	**4**	4		
Technical fees paid	**11**	16	11	16
Operating lease charges (property, plant and vehicles)	**16**	11	14	9
Share-based payments:				
IFRS 2 charge on share options, SARS, LTIP and DBP	**27**	42	18	39
BEE IFRS 2 charge	**30**	333	28	332
Auditors' remuneration:				
Fees	**6**	5	4	3
Other services	**2**	1	1	1
Net (losses)/gains on:				
Fair value hedges, losses on the hedging instrument	**(4)**	(17)	(4)	(17)
Fair value hedges, gains on the hedged item	**4**	17	4	17
Loans and receivables designated at fair value through profit or loss		(6)		
Valuation adjustments on financial instruments and other items:				
Translation of foreign:				
Foreign cash holdings	**9**	(1)		
Other	**193**	32		
Other financial instruments	**(15)**	2	(15)	

19. CAPITAL PROFITS (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Surplus on sale of land	**22**	48	6	1
Surplus on insurance claim	**49**		49	
Capital profits before tax	**71**	48	55	1
Tax (refer note 21)	**(3)**		(3)	
Capital profits after tax	**68**	48	52	1

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

	Consolidated		Company	
	2008	2007	2008	2007
Net financing costs comprise:				
Interest paid - external	**(428)**	(208)	(304)	(139)
Interest capitalised	**103**	15		
Interest paid - subsidiaries			(56)	(12)
Financing costs	**(325)**	(193)	(360)	(151)
Interest received - external	**45**	74	15	49
Interest received - subsidiaries			111	
Finance income	**45**	74	126	49
Net financing costs	**(280)**	(119)	(234)	(102)

21. TAX (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Earnings before capital profits:				
Current	**196**	96	75	
Deferred	**(11)**	68	(7)	13
Rate change adjustment (deferred)	**(22)**		(17)	
Secondary tax on companies	**44**	127	44	127
Prior years	**2**	(3)		2
	209	288	95	142
Capital profits:				
Current	**3**		3	
Tax for the year	**212**	288	98	142
Foreign tax included above	**25**	12		

21. **TAX** (Rmillion) continued

	Consolidated		Company	
	2008	2007	2008	2007
Tax charge at normal rate of South African tax	**250**	1 082	171	981
Adjusted for:				
Non-taxable income	**(48)**	(54)	(106)	(100)
Fair value adjustment of investment in Hulamin		(971)		(971)
Assessed losses of foreign subsidiaries	**(3)**	(2)		
Non-allowable expenditure	**24**	115	3	102
Foreign tax rate variations	**(38)**	(11)		
Rate change adjustment (deferred)	**(22)**		(17)	
Secondary tax on companies	**44**	127	44	127
Capital gains	**3**	5	3	1
Prior years	**2**	(3)		2
Tax charge	**212**	288	98	142
Normal rate of South African tax	**28,0%**	29,0%	28,0%	29,0%
Adjusted for:				
Non-taxable income	**(5,2)**	(1,4)	(17,4)	(2,9)
Fair value adjustment of investment in Hulamin		(26,0)		(28,7)
Assessed losses of foreign subsidiaries	**(0,4)**	(0,1)		
Non-allowable expenditure	**2,7**	3,1	0,5	3,0
Foreign tax rate variations	**(4,3)**	(0,3)		
Rate change adjustment (deferred)	**(2,5)**		(2,7)	
Secondary tax on companies	**4,9**	3,4	7,2	3,7
Capital gains	**0,3**	0,1	0,5	
Prior years	**0,3**	(0,1)		0,1
Effective rate of tax	**23,8%**	7,7%	16,1%	4,2%

Normal tax losses of R17 million (2007 - R37 million) have been utilised to reduce deferred tax. No deferred tax asset has been raised in respect of the tax losses of foreign subsidiaries that may not be utilised in the short term or may expire in terms of applicable tax legislation.

22. **HEADLINE EARNINGS** (Rmillion)

	Consolidated	
	2008	2007
Profit attributable to shareholders	**649**	3 457
Less after tax effect of:	**(66)**	(48)
Profit on sale of land	**(22)**	(48)
Profit on insurance claim	**(49)**	
Loss on disposal of other fixed assets	**3**	
	(68)	(48)
Tax charge on profit on insurance claim	**3**	
Tax relief on loss on disposal of other fixed assets	**(1)**	
Reversal of fair value adjustment of Hulamin		(3 348)
Headline earnings	**583**	61
Headline earnings per share (cents)		
Basic	**565,6**	58,1
Diluted	**554,2**	56,8

23. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of relevant ordinary shares and qualifying preferred ordinary shares in issue during the year. In the case of basic earnings per share the weighted average number of shares in issue during the year is 103 070 228 (2007 - 104 986 732). In respect of diluted earnings per share the weighted average number of shares is 105 224 655 (2007 - 107 336 780).

24. DIVIDENDS (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Paid:				
Ordinary share capital				
Final for previous year, paid 27 March 2008 - 160 cents (2007 - 350 cents)	**165**	373	165	373
Interim for current year, paid 4 September 2008 - 160 cents (2007 - 150 cents)	**165**	155	165	155
B ordinary share capital				
Final for previous year, paid 27 March 2008 - 160 cents (2007 - 350 cents)	**16**		16	
Interim for current year, paid 4 September 2008 - 160 cents (2007 - 150 cents)	**16**	15	16	15
A preferred ordinary share capital				
Interim for current year, paid 30 June 2008 - 203 cents (2007 - nil)	**51**		51	
Final for current year, paid 31 December 2008 - 203 cents (2007 - 203 cents)	**51**	51	51	51
	464	594	464	594
Less dividends relating to BEE treasury shares	**(128)**	(63)	(26)	(12)
	336	531	438	582

The final ordinary dividend for the year ended 31 December 2008 of 150 cents per share declared on 19 February 2009 and payable on 26 March 2009 has not been accrued.

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

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

Categories of financial instruments	Consolidated		Company	
	2008	2007	2008	2007
Financial assets				
Derivative instruments in designated hedge accounting relationships	**2**	12	2	12
Unlisted shares at cost	**268**	267	265	265
Loans and receivables at amortised cost	**2 072**	2 404	1 110	1 039
	2 342	2 683	1 377	1 316
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	**23**	2	23	2
Financial liabilities at amortised cost	**4 490**	2 867	3 231	1 857
Non-recourse equity-settled BEE borrowings	**792**	812		
	5 305	3 681	3 254	1 859

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

In the normal course of its operations, Tongaat Hulett is inter alia exposed to capital, credit, foreign currency, interest, liquidity and commodity price risks. In order to manage these risks, Tongaat Hulett may enter into transactions which make use of derivatives. They include forward exchange contracts (FEC's) and options, interest rate swaps and commodity futures and options. Separate committees are used to manage risks and hedging activities. Tongaat Hulett does not speculate in or engage in the trading of derivative instruments. Since derivative instruments are utilised for risk management, market risk relating to derivative instruments will be offset by changes in the valuation of the underlying assets, liabilities or transactions being hedged. The overall risk strategy remains unchanged from 2007.

Capital risk management

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

Credit risk

Financial instruments do not represent a concentration of credit risk because Tongaat Hulett 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.

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

Past due trade receivables
Included in trade receivables are debtors which are past the expected collection date (past due) at the reporting date and no provision has been made as there has not been a significant change in credit quality and the amounts are still considered recoverable. No collateral is held over these balances. A summarised age analysis of past due debtors is set out below.

	Consolidated		Company	
	2008	2007	2008	2007
Less than 1 month	**32**	74	26	16
Between 1 to 2 months	**10**	12	10	11
Between 2 to 3 months	**47**	24	1	2
Greater than 3 months	**317**	115	2	2
Total past due	**406**	225	39	31
Provision for doubtful debts				
Set out below is a summary of the movement in the provision for doubtful debts for the year:				
Balance at beginning of year	**8**	11	3	6
Currency alignment	**1**			
Amounts written off during the year	**(1)**	(4)		(4)
Increase in allowance recognised in profit or loss	**3**	1	2	1
Balance at end of year	**11**	8	5	3

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

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

	Consolidated				Company			
	Average contract rate	Commitment (Rmillion)	**2008 Fair value of FEC (Rmillion)**	2007 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	2008 Fair value of FEC (Rmillion)	2007 Fair value of FEC (Rmillion)
Imports								
US dollar	9,37	6			9,37	6		
Euro	13,08	1			13,08	1		
		7				7		
Exports								
US dollar	8,77	203	**(19)**	8	8,77	203	(19)	8
Australian dollar	7,32	32	**2**		7,32	32	2	
		235	**(17)**	8		235	(17)	8
Net total		242	**(17)**	8		242	(17)	8

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

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

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

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

	Consolidated				Company			
	Average contract rate	Commitment (Rmillion)	**2008 Fair value of FEC (Rmillion)**	2007 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	2008 Fair value of FEC (Rmillion)	2007 Fair value of FEC (Rmillion)
Imports								
US dollar	10,40	5	**(1)**	(1)	10,40	5	(1)	(1)
Euro	13,20	6			13,20	6		
		11	**(1)**	(1)		11	(1)	(1)

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

Tongaat Hulett has the following uncovered foreign receivables:

	Consolidated			Company		
	Foreign Amount (million)	**2008 (Rmillion)**	2007 (Rmillion)	Foreign Amount (million)	2008 (Rmillion)	2007 (Rmillion)
US dollar	3	**27**	30	3	27	30
Australian dollar	5	**35**		5	35	
		62	30		62	30

The impact of a 10% strengthening or weakening of the Rand on the uncovered US dollar receivable will have a R3 million (2007 - R4 million) impact on profit or loss and a R2 million (2007 - R3 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered Australian dollar receivable will have a R3 million (2007 - Rnil) impact on profit or loss and a R2 million (2007 - Rnil) impact on equity.

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

Tongaat Hulett Starch has secured its maize requirements for the current maize season to 31 May 2009 and a significant portion of its requirements for the year ending 31 May 2010 by means of unpriced procurement contracts and futures.

At the year end the commodity futures contracts were:

	Consolidated				Company			
	Tons	Contract value (Rmillion)	**2008 Fair value (Rmillion)**	2007 Fair value (Rmillion)	Tons	Contract value (Rmillion)	2008 Fair value (Rmillion)	2007 Fair value (Rmillion)
Futures - hedge accounted:								
Maize futures sold	19 300	36	**(3)**	5	19 300	36	(3)	5
Raw sugar futures purchased				(3)				(3)
Raw sugar futures sold				1				1
			(3)	3			(3)	3

	Consolidated		Company	
Period when cash flow expected to occur	**2009**	2008	2009	2008
Period when expected to affect profit or loss	**2009**	2008	2009	2008
Amount recognised in equity during the period	**(9)**	6	(9)	6
Amount transferred from equity and recognised in profit or loss	**(4)**	(3)	(4)	(3)

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

Interest rate risk

Tongaat Hulett is exposed to interest rate risk on its fixed rate loan liabilities and accounts receivable and payable, which can impact on the fair value of these instruments. Tongaat Hulett is also exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the cash management system, which enables Tongaat Hulett to maximise returns while minimising risks. The impact of a 50 basis point move in interest rates will have a R15 million (2007 - R8 million) effect on profit or loss and a R11 million (2007 - R5 million) impact on equity.

Liquidity risk

Tongaat Hulett manages its liquidity risk by monitoring forecast cash flows on a weekly basis. There are unutilised committed banking facilities of R755 million (2007 - R2,2 billion). Tongaat Hulett continues to meet the covenants associated with its long-term unsecured South African debt facility.

Borrowings inclusive of interest projected at current interest rates:

2008 Consolidated	Weighted average effective interest rate	Due within 1 year	1 to 2 years	2 to 5 years	After 5 years	Interest adjustment	Total
Bank loans	12,9	1 407	253	661	899	(865)	2 355
Foreign loans	17,7	169	13	26		(30)	178
Other borrowings	13,4	442				(28)	414
Financial lease liability	13,0	1	1			(1)	1
Other non-interest bearing liabilities		1 533	2	5			1 540
Net settled derivatives		23					23
Total for Tongaat Hulett		3 575	269	692	899	(924)	4 511
Non-recourse equity-settled BEE borrowings		66	101	304	515	(194)	792
Total including SPV debt		3 641	370	996	1 414	(1 118)	5 303

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

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

	Interest of Holding Company Shares		Indebtedness	
	2008	2007	2008	2007
Tongaat Hulett Starch (Pty) Limited	**15**	15	22	(2)
Tongaat Hulett Developments (Pty) Limited Tongaat Hulett Estates (Pty) Limited			(562)	(248)
Tongaat Hulett Sugar Limited Tambankulu Estates Limited (Swaziland) Acucareira de Mocambique, SARL (Mozambique) (85%) Acucareira de Xinavane, SARL (Mozambique) (88%) + Triangle Sugar Corporation Limited (Zimbabwe) + Hippo Valley Estates Limited (Zimbabwe) (50,35%)	**1 186**	487	1 262	897
The Tongaat Group Limited	**54**	54	(73)	(65)
	1 255	556	649	582

+ Not consolidated

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

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

	Consolidated		Company	
	2008	2007	2008	2007
Guarantees in respect of obligations of Tongaat Hulett and third parties	**95**	9	20	21
Contingent liabilities	**27**	26	25	24
	122	35	45	45

28. **LEASES** (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**1**	1	1	1
Later than one year and not later than five years	**1**	1	1	1
	2	2	2	2
Less: future finance charges	**(1)**	(1)	(1)	(1)
Present value of lease obligations	**1**	1	1	1
Payable:				
Later than one year and not later than five years	**1**	1	1	1
Operating lease commitments, amounts due:				
Not later than one year	**10**	9	10	8
Later than one year and not later than five years	**18**	14	13	8
	28	23	23	16
In respect of:				
Property	**11**	12	6	5
Plant and machinery	**15**	8	15	8
Other	**2**	3	2	3
	28	23	23	16

29. **CAPITAL EXPENDITURE COMMITMENTS** (Rmillion)

	Consolidated		Company	
	2008	2007	2008	2007
Contracted	**587**	539	35	44
Approved but not contracted	**114**	796	80	239
	701	1 335	115	283

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

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

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

	Consolidated		Company	
	2008	2007	2008	2007
Goods and services:				
Transacted between operating entities within the company			5	5
Between the company and its subsidiaries			44	11
Transacted between subsidiaries within Tongaat Hulett	**117**	93		
Sales to external related parties	**138**	141	138	141
Paid to the Tongaat-Hulett Pension Fund	**30**	26	27	24
Administration fees and other income:				
Transacted between operating entities within the company			7	5
Between the company and its subsidiaries			16	32
Transacted between subsidiaries within Tongaat Hulett	**57**	42		
Transacted with/between joint ventures within Tongaat Hulett	**1**	57		
Paid to external related parties	**3**	3		
Interest paid:				
Transacted between operating entities within the company			48	27
Between the company and its subsidiaries			56	4
Transacted with/between joint ventures within Tongaat Hulett	**9**	6		
Interest received:				
Transacted between operating entities within the company			375	189
Between the company and its subsidiaries			111	18
Transacted between subsidiaries within Tongaat Hulett	**47**	26		
Transacted with/between joint ventures within Tongaat Hulett	**5**	3		
Sales of fixed assets:				
Between the company and its subsidiaries			15	
Loan balances:				
Transacted between operating entities within the company			3 257	2 340
Between the company and its subsidiaries			649	582
External related parties	**7**	12	7	12
Dividends received:				
Between the company and its subsidiaries			329	300
Transacted between subsidiaries within Tongaat Hulett	**200**	64		

Other related party information:

Export partnership - refer to note 3
Total dividends paid - refer to note 24
Directors - refer to notes 32 and 33
Tongaat Hulett Developments is a guarantor on Tongaat Hulett Limited's South African long-term unsecured loan facility

31. **RETIREMENT BENEFITS**

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

Defined Contribution Pension and Provident Schemes
There are three defined contribution schemes, one of which is located in Swaziland. The latest audited financial statements of these schemes all reflect a satisfactory state of affairs. Contributions of R22 million were expensed during the year (2007 - R18 million).

Defined Benefit Pension Scheme
There is one defined benefit scheme, The Tongaat-Hulett Pension Fund (the Fund), for employees including those of Hulamin Limited. The Fund is actuarially valued at intervals of not more than three years using the projected unit credit method. In the statutory actuarial valuation of the scheme as at 31 December 2007 the Fund was certified by the reporting actuary to be in a sound financial position. With effect from 7 December 2001 the Pension Funds Second Amendment Act was promulgated. This Act required the Fund to submit a plan for the apportionment on a fair basis to the employer and past and current members of the Fund of the actuarial surplus as at 31 December 2001. The 2001 apportionment plan was approved by the Financial Services Board in May 2007. During 2008, Tongaat Hulett became unconditionally entitled to its share of the employer surplus account pursuant to the 2001 apportionment plan and an amount of R86 million was recognised as an asset. The manner in which the Fund proceeds following the unbundling of Hulamin from Tongaat Hulett and the split between the employers participating in the Fund has yet to be finalised and/or made unconditional. Consequently, no further surplus apportionment has been recognised.

An actuarial valuation of liabilities, based on the existing benefits, carried out as at 31 December 2008 in accordance with IAS 19 showed the present value of obligations to be adequately covered by the fair value of the scheme assets.

	2008 Rmillion	2007 Rmillion
Details of the valuation of the Fund (100%) are as follows:		
Fair value of plan assets		
Balance at beginning of year	**6 544**	5 945
Expected return on scheme assets	**520**	460
Employer contributions	**52**	45
Members' contributions	**41**	36
Benefits paid	**(549)**	(457)
Net member transfers	**(24)**	(15)
Actuarial (loss)/gain	**(1 047)**	530
Balance at end of year	**5 537**	6 544
Present value of defined benefit obligation		
Balance at beginning of year	**4 444**	4 202
Current service cost	**118**	97
Interest cost	**350**	322
Members' contributions	**41**	36
Benefits paid	**(549)**	(457)
Net member transfers	**(24)**	(15)
Actuarial loss	**75**	259
Balance at end of year	**4 455**	4 444
Fund assets less member liabilities, before reserves	**1 082**	2 100

31. **RETIREMENT BENEFITS** continued

Defined Benefit Pension Scheme continued	**2008 Rmillion**	2007 Rmillion
Asset information:		
Equities	**3 542**	3 896
Fixed interest bonds	**751**	647
Property	**101**	151
Cash	**1 143**	1 850
	5 537	6 544
Included in the assets of the scheme are ordinary shares held in Tongaat Hulett Limited, stated at fair value	**95**	136
Actual return on scheme assets	**(527)**	990
The principal actuarial assumptions are:		
Discount rate	**7,25%**	8,25%
Salary cost and pension increase	**4,25%**	5,25%
Expected rate of return on assets	**8,25%**	8,00%
Experience gains and (losses) on:		
Plan liabilities	**(137)**	(137)
Percentage of the present value of the plan liabilities	**3,1%**	3,1%
Plan assets	**(1 047)**	530
Percentage of plan assets	**(18,9%)**	8,1%
Estimated contributions payable in the next financial year	**58**	48

Basis used to determine the rate of return on assets

The expected rate of return on assets has been calculated using the discount rate at the beginning of the year, which corresponds to that used in the previous valuation. This is a reasonably conservative approach, adopted on the basis that the additional returns anticipated on certain other asset classes in which the Fund is invested (e.g. equities) can only be achieved with increased risk.

Post-Retirement Medical Aid Benefits

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

	Consolidated		Company	
	2008 Rmillion	2007 Rmillion	2008 Rmillion	2007 Rmillion
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**281**	246	281	246
Unrecognised actuarial losses	**(58)**	(37)	(58)	(37)
Net liability in balance sheet	**223**	209	223	209
The liability is reconciled as follows:				
Net liability at beginning of year	**209**	241	209	198
Hulamin unbundling		(43)		
Net expense recognised in income statement	**30**	26	30	26
Contributions	**(16)**	(15)	(16)	(15)
Net liability at end of year	**223**	209	223	209
Amounts recognised in the income statement:				
Service costs	**2**	3	2	3
Interest costs	**20**	18	20	18
Net actuarial losses recognised	**8**	5	8	5
	30	26	30	26

31. **RETIREMENT BENEFITS** continued

Post-Retirement Medical Aid Benefits continued

	Consolidated		Company	
	2008 Rmillion	2007 Rmillion	2008 Rmillion	2007 Rmillion
The principal actuarial assumptions applied are:				
Discount rate	**7,25%**	8,25%	7,25%	8,25%
Health care cost inflation rate	**5,00%**	5,75%	5,00%	5,75%
Sensitivity of healthcare cost trend rates:				
1% increase in trend rate - effect on the aggregate of the service and interest cost	**3**	3	3	3
1% increase in trend rate - effect on the obligation	**33**	29	33	29
1% decrease in trend rate - effect on the aggregate of the service and interest cost	**2**	2	2	2
1% decrease in trend rate - effect on the obligation	**28**	24	28	24
Estimated contributions payable in the next financial year:	**18**	16	18	16
Experience losses:				
Discount rate	**22**	11	22	11
Percentage of the present value of the plan liabilities	**7,8%**	4,5%	7,8%	4,5%

Retirement Gratuities

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

	Consolidated		Company	
	2008 Rmillion	2007 Rmillion	2008 Rmillion	2007 Rmillion
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**67**	56	67	56
Unrecognised actuarial losses	**(12)**	(5)	(12)	(5)
Net liability in balance sheet	**55**	51	55	51
The liability is reconciled as follows:				
Net liability at beginning of year	**51**	55	51	48
Hulamin unbundling		(7)		
Net expense recognised in income statement	**9**	8	9	8
Payments made	**(5)**	(5)	(5)	(5)
Net liability at end of year	**55**	51	55	51
Amounts recognised in the income statement:				
Service costs	**3**	3	3	3
Interest costs	**5**	4	5	4
Net actuarial losses recognised	**1**	1	1	1
	9	8	9	8
The principal actuarial assumptions applied are:				
Discount rate	**7,25%**	8,25%	7,25%	8,25%
Salary inflation rate	**5,00%**	5,75%	5,00%	5,75%
Estimated contributions payable in the next financial year:	**5**	5	5	5
Experience losses:				
On plan liabilities	**9**	3	9	3
Percentage of the present value of the plan liabilities	**13,4%**	5,4%	13,4%	5,4%

32. **DIRECTORS' EMOLUMENTS AND INTERESTS** (R000)

Directors' remuneration

The directors' remuneration for the year ended 31 December 2008 was as follows:

Name	Cash Package	Bonus	Retirement and medical contributions	Total
Executive directors:				
B G Dunlop	2 541	1 164	287	3 992
M H Munro	2 290	1 065	271	3 626
P H Staude	4 430	2 746	474	7 650
	9 261	4 975	1 032	15 268

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

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

Name	Cash Package	Bonus	Retirement and medical contributions	Total
Executive directors:				
B G Dunlop	2 341	808	282	3 431
M H Munro	2 036	987	242	3 265
P H Staude	4 053	2 553	434	7 040
Directors who came off the Board in 2007	5 070		601	5 671
	13 500	4 348	1 559	19 407

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

Share incentive gains

Following the approval by shareholders of the split of the Tongaat-Hulett Group into two separate listed entities, Tongaat Hulett and Hulamin and with the circular to shareholders relating to the corporate transactions including detail on the approach to the share incentive schemes, certain share incentive scheme transactions, prior to the corporate restructuring, were concluded. These transaction are included in the share incentive gains set out below for 2007 and were settled by the delivery of shares, some of which were sold, inter alia to meet tax payments, with the remainder being held in shares in Tongaat Hulett.

	2008	2007
Executive directors:		
B G Dunlop	**710**	5 641
M H Munro	**563**	8 212
P H Staude	**1 789**	17 861
Directors who came off the Board in 2007		34 029
	3 062	65 743

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

In June 2006 the Tongaat-Hulett Group board introduced an incentive plan whereby the executive directors and the chief executive officer could earn a maximum potential payment ranging from 30% to 50% of cash package for the successful implementation of the Hulamin unbundling and the introduction of BEE equity participation in both Tongaat Hulett and Hulamin. Following the successful implementation of these transactions, the board approved the payment of the bonus, as set out below.

	2008	2007
Executive directors:		
B G Dunlop	n/a	650
M H Munro	n/a	905
P H Staude	n/a	2 045
Directors who came off the Board in 2007	n/a	3 239
		6 839

n/a = not applicable

32. **DIRECTORS' EMOLUMENTS AND INTERESTS** (R000) continued

Directors' remuneration continued

Name	2008 Fees	2008 Other	2008 Total	2007 Fees	2007 Other	2007 Total
Non-executive directors:						
P M Baum	**163**	**65**	**228**	150	60	210
E le R Bradley	**163**	**228**	**391**	150	210	360
F Jakoet*	**41**		**41**			
J John	**163**	**82**	**245**	75	38	113
J B Magwaza	**163**		**163**	150	80	230
T V Maphai*	**41**		**41**			
M Mia	**163**	**277**	**440**	150	195	345
N Mjoli-Mncube*	**41**		**41**			
T H Nyasulu	**163**		**163**	150		150
C M L Savage	**550**	**65**	**615**	535	100	635
C B Sibisi	**163**		**163**	75		75
R H J Stevens	**163**	**40**	**203**	150	80	230
J G Williams	**163**		**163**	34		34
Directors who retired/resigned during 2007				441	123	564
	2 140	**757**	**2 897**	2 060	886	2 946

* Appointment to the Board with effect from 1 October 2008.

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 2008.

Interest of directors of the company in share capital

The aggregate holdings as at 31 December 2008 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are beneficial except where indicated otherwise.

Name	2008 Direct shares	2008 Indirect shares	2007 Direct shares	2007 Indirect shares
Executive directors:				
B G Dunlop	**17 384**		14 654	
M H Munro	**19 063**		12 171	
P H Staude	**78 391**		55 868	
	114 838		82 693	
Non-executive directors:				
E le R Bradley		**94 847**		94 847
E le R Bradley (non-beneficial)+		**12 710**		24 647
J B Magwaza	**5 501**		5 501	
C M L Savage	**22 923**	**69 930**	22 923	69 930
R H J Stevens	**590**		590	
	29 014	**177 487**	29 014	189 424

+ Excludes 11 937 shares in respect of which it has been determined that Mrs Bradley has no right to vote and dispose.

33. EMPLOYEE SHARE INCENTIVE SCHEMES

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

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

As a result of the unbundling of Hulamin, participants in these share schemes who had not exercised their rights at the unbundling date converted their existing Tongaat-Hulett Group Limited instruments into two components, a Tongaat Hulett Limited component and a Hulamin Limited component, as detailed in the 2007 Annual Report. The obligation to settle these share schemes is in accordance with the following principles, which are in accordance with the Unbundling Agreement. Tongaat Hulett is obliged to settle all benefits under these share schemes for its own employees only, using Tongaat Hulett shares. It will settle the outstanding share scheme instruments that arise after the award adjustments for its own employees, by purchasing Tongaat Hulett shares in the market, or by issuing Tongaat Hulett shares. The benefit for the Hulamin component will be determined with reference to the Hulamin share price, and the Tongaat Hulett component with respect to the Tongaat Hulett share price, however, benefits arising from the Hulamin component will be settled using Tongaat Hulett shares.

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

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

The option price and number of unexercised options after the unbundling of Hulamin were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin), as detailed in the 2007 Annual Report.

	Option price (Rand) Apportioned		Number of options at 31 December 2007		Options exercised 2008		Options forfeited 2008		Number of options at 31 December 2008	
Expiring ten years from	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin
4 November 1998	25,40	7,85	8 000	8 000	8 000	8 000				
5 March 1999	25,13	7,77	128 300	129 300	100 000	14 855			28 300	114 445
7 May 1999	30,63	9,47	89 800	89 800	1 800	1 800			88 000	88 000
19 May 2000	22,91	7,09	17 100	17 100					17 100	17 100
12 January 2001	30,44	9,41	20 300	20 300					20 300	20 300
16 May 2001	30,55	9,45	134 000	136 700	5 000	2 000			129 000	134 700
15 August 2001	32,08	9,92	3 500	3 500					3 500	3 500
13 May 2002	37,88	11,72	197 200	200 700	24 400	9 500			172 800	191 200
14 April 2003	24,37	7,53	195 250	196 850	12 660	31 800			182 590	165 050
1 October 2003	26,35	8,15	30 000	30 000					30 000	30 000
21 April 2004	35,90	11,10	491 700	502 500	63 200	76 400	500	500	428 000	425 600
			1 315 150	1 334 750	215 060	144 355	500	500	1 099 590	1 189 895

The weighted average fair value costing of the combined Tongaat Hulett and Hulamin components of the outstanding share options granted in 2003 and 2004, determined using the binomial tree valuation model, was R11,14 per share and R16,06 per share respectively (2007 - R11,14 and R16,08).

No awards were made in 2008 (2007 - nil) under the original share option schemes.

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

Share price at grant date	The share option price at grant date is the share price at the date on which the share option is issued, as noted above.
Exercise price	The exercise price is the share price at grant date, as noted above.
Expected option life	114 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	9,84%
Expected volatility	Expected volatility of 35% is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share option did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3,9% was used.
Weighted average share price	Tongaat Hulett component: R32,39 (2007 - R31,98) and Hulamin component R9,91 (2007 - R9,90)
Expected early exercise	Early exercise is taken into account on an expectation basis.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
- Expected	44 months (2007 - 55 months)
- Contractual	120 months

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

Share Appreciation Right Scheme 2005

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

The grant price and number of unexercised rights after the unbundling of Hulamin were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin), as detailed in the 2007 Annual Report.

	Grant price (Rand) Apportioned		Number of rights at 31 December 2008		Rights granted in 2008	Rights exercised in 2008		Rights forfeited in 2008		Number of rights at 31 December 2008	
Expiring seven years from	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin
10 May 2005	43,98	13,60	712 518	728 638		41 608	75 904			670 910	652 734
25 April 2006	73,39	22,70	829 672	835 510		3 952		5 554	5 554	820 166	829 956
20 August 2007	88,84		1 185 850					9 644		1 176 206	
25 April 2008	92,74				1 304 255			13 453		1 290 802	
			2 728 040	1 564 148	1 304 255	45 560	75 904	28 651	5 554	3 958 084	1 482 690

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

Share price at grant date	The grant price at which the share appreciation right is issued, as noted above.
Exercise price	The share price at grant date, as noted above in respect of the 2008 and 2007 awards and apportioned for the Tongaat Hulett and Hulamin components for the 2006 and 2005 awards.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2008 award : 8,75% (2007 award : 8,11%, 2006 award : 7,22% and 2005 award : 8,09%).
Expected volatility	Expected volatility of 27% (2007 : 27% and 2006 and 2005 : 35%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3,5% was used for the 2008 award (2007 award : 3,44%, 2006 award : 4,0% and 2005 award : 3,9%).
Weighted average share price	As above.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is allowed.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Estimated fair value per right at grant date	2008 award : R16,93 (2007 award : R15,97, the combined TH and Hulamin components : 2006 award : R18,11 and 2005 award : R13,88).
Weighted average remaining life:	
- Expected	2008 award : 76 months (2007 award : 68 months, 2006 award : 52 months and 2005 award : 40 months).
- Contractual	84 months.

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

Long Term Incentive Plan 2005

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

The issue price and number of unexercised conditional awards after the unbundling of Hulamin were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin), as detailed in the 2007 Annual Report.

Expiring three years from	Issue price (Rand) Apportioned Tongaat Hulett	Issue price (Rand) Apportioned Hulamin	Number of conditional awards at 31 December 2007 Tongaat Hulett	Number of conditional awards at 31 December 2007 Hulamin	Conditional awards granted in 2008 Tongaat Hulett	Number of conditional awards settled in 2008 Tongaat Hulett	Number of conditional awards settled in 2008 Hulamin	Number of conditional awards forfeited in 2008 Tongaat Hulett	Number of conditional awards forfeited in 2008 Hulamin	Number of conditional awards at 31 December 2008 Tongaat Hulett	Number of conditional awards at 31 December 2008 Hulamin
10 May 2005	43,98	13,60	76 393	76 393		76 393	76 393				
25 April 2006	73,39	22,70	83 326	83 326		2 634	2 634	3 327	3 327	77 365	77 365
20 August 2007	88,84		136 467			2 698		7 416		126 353	
25 April 2008	92,74				123 835			931		122 904	
			296 186	159 719	123 835	81 725	79 027	11 674	3 327	326 622	77 365

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

Share price at grant date	The grant price at which the conditional share award is issued, as noted above.
Exercise price	The share price at grant date, as noted above in respect of the 2008 and 2007 awards and apportioned for the Tongaat Hulett and Hulamin components for the 2006 and 2005 awards.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2008 award : 9,22% (2007 award : 8,8%, 2006 award : 7,01% and 2005 award : 7,44%).
Expected volatility	Expected volatility of 27% for the 2008 award (2007 award : 23,98%, 2006 award : 25,60% and 2005 award : 27,02%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3,5% was used for the 2008 award (2007 award : 3,6%, 2006 award : 3,8% and 2005 award : 3,9%).
Weighted average share price	As above.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	50% of the LTIP award will be subject to the TSR condition and 50% will be subject to the ROCE condition. No retesting of the performance condition is allowed.
Non-market performance conditions	Return on capital employed (ROCE).
Market performance conditions	Total shareholder return (TSR).
Estimated fair value per conditional award at grant date	2008 award : R56,62 (2007 award : R46,28, the combined Tongaat Hulett and Hulamin components : 2006 award : R39,78 and 2005 award : R24,96).
Weighted average remaining life:	
- Expected	2008 award : 28 months (2007 award : 20 months and 2006 award : 4 months)
- Contractual	36 months.

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

Deferred Bonus Plan 2005

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

Expiring three years from	Issue price Rand	Number of conditional awards at 31 Dec 2007	Conditional awards granted in 2008	Conditional awards settled in 2008	Conditional awards forfeited in 2008	Number of conditional awards at 31Dec 2008
27 July 2007	90,27	24 274		837	1 900	21 537
1 March 2008	88,75		28 936			28 936
		24 274	28 936	837	1 900	50 473

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

Share price at grant date	The price at which the deferred bonus share is issued, as noted above.
Exercise price	The grant share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	Not applicable.
Expected volatility	Not applicable.
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected.
Weighted average share price	As above
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Estimated fair value per deferred bonus share at grant date	2008 award : R71,33 (2007 - R67,53).
Weighted average remaining life:	
- Expected	2008 award : 26 months (2007 : 19 months).
- Contractual	36 months.

The deferred bonus shares were purchased by the participating employees on 1 March 2008 in respect of the 2008 award (2007: purchased on 3 August 2007).

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Interest of directors of the company in share-based instruments

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

The Original Share Option Schemes

The option price and number of unexercised options after the unbundling of Hulamin were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin), as detailed in the 2007 Annual Report.

		Option price (Rand) Apportioned		Number of options at 31 December 2007		Options exercised in 2008	Number of options at 31 December 2008	
Name	Expiring ten years from	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Tongaat Hulett	Hulamin
Executive directors:								
B G Dunlop	21 April 2004	35,90	11,10	1 100	1 100		1 100	1 100
M H Munro	14 April 2003	24,37	7,53	4 900	4 900		4 900	4 900
	1 October 2003	26,35	8,15	30 000	30 000		30 000	30 000
	21 April 2004	35,90	11,10	32 000	32 000		32 000	32 000
				66 900	66 900		66 900	66 900
P H Staude	13 May 2002	37,88	11,72	17 000	17 000		17 000	17 000
	21 April 2004	35,90	11,10	28 000	28 000		28 000	28 000
				45 000	45 000		45 000	45 000
Non-executive directors: *								
J B Magwaza	19 May 2000	22,91	7,09	2 000	2 000		2 000	2 000
	12 January 2001	30,44	9,41	1 600	1 600		1 600	1 600
	16 May 2001	30,55	9,45	6 000	6 000		6 000	6 000
	13 May 2002	37,88	11,72	6 000	6 000		6 000	6 000
				15 600	15 600		15 600	15 600
C M L Savage	5 March 1999	25,13	7,77	60 000	60 000	60 000		60 000
	7 May 1999	30,63	9,47	50 000	50 000		50 000	50 000
	12 January 2001	30,44	9,41	8 000	8 000		8 000	8 000
	16 May 2001	30,55	9,45	22 000	22 000		22 000	22 000
				140 000	140 000	60 000	80 000	140 000
Total				268 600	268 600	60 000	208 600	268 600

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

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

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

Share Appreciation Right Scheme 2005

The grant price and number of unexercised rights after the unbundlingof Hulamin were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin), as detailed in the 2007 Annual Report.

Name of executive director	Expiring seven years from	Grant price (Rand) Apportioned Tongaat Hulett	Hulamin	Number of rights at 31 December 2007 Tongaat Hulett	Hulamin	Rights granted in 2008 Tongaat Hulett	Number of rights at 31 December 2008 Tongaat Hulett	Hulamin	Rights time constrained Tongaat Hulett	Hulamin
B G Dunlop	10 May 2005	43,98	13,60	40 597	40 597		40 597	40 597		
	25 April 2006	73,39	22,70	23 737	23 737		23 737	23 737	14 741	14 741
	20 August 2007	88,84		25 382			25 382		25 382	
	25 April 2008	92,74				27 276	27 276		27 276	
				89 716	64 334	27 276	116 992	64 334	67 399	14 741
M H Munro	10 May 2005	43,98	13,60	21 185	21 185		21 185	21 185		
	25 April 2006	73,39	22,70	20 472	20 472		20 472	20 472	12 713	12 713
	20 August 2007	88,84		23 830			23 830		23 830	
	25 April 2008	92,74				25 807	25 807		25 807	
				65 487	41 657	25 807	91 294	41 657	62 350	12 713
P H Staude	10 May 2005	43,98	13,60	92 810	92 810		92 810	92 810		
	25 April 2006	73,39	22,70	62 082	62 082		62 082	62 082	38 553	38 553
	20 August 2007	88,84		71 073			71 073		71 073	
	25 April 2008	92,74				75 720	75 720		75 720	
				225 965	154 892	75 720	301 685	154 892	185 346	38 553

Long Term Incentive Plan 2005

The issue price and number of unexercised conditional awards after the unbundling of Hulamin were apportioned into a Tongaat Hulett component (Tongaat Hulett) and a Hulamin component (Hulamin), as detailed in the 2007 Annual Report.

Name of executive director	Expiring three years from	Issue price (Rand) Apportioned Tongaat Hulett	Hulamin	Number of conditional awards at 31 December 2007 Tongaat Hulett	Hulamin	Conditional awards granted in 2008 Tongaat Hulett	Conditional awards settled in 2008 Tongaat Hulett	Hulamin	Conditional awards at 31 December 2008 Tongaat Hulett	Hulamin	Conditional awards time constrained Tongaat Hulett	Hulamin
B G Dunlop	10 May 2005	43,98	13,60	6 120	6 120		6 120	6 120				
	25 April 2006	73,39	22,70	6 283	6 283				6 283	6 283	6 283	6 283
	20 August 2007	88,84		8 503					8 503		8 503	
	25 April 2008	92,74				7 592			7 592		7 592	
				20 906	12 403	7 592	6 120	6 120	22 378	6 283	22 378	6 283
M H Munro	10 May 2005	43,98	13,60	4 851	4 851		4 851	4 851				
	25 April 2006	73,39	22,70	5 419	5 419				5 419	5 419	5 419	5 419
	20 August 2007	88,84		7 991					7 991		7 991	
	25 April 2008	92,74				7 181			7 181		7 181	
				18 261	10 270	7 181	4 851	4 851	20 591	5 419	20 591	5 419
P H Staude	10 May 2005	43,98	13,60	15 424	15 424		15 424	15 424				
	25 April 2006	73,39	22,70	16 431	16 431				16 431	16 431	16 431	16 431
	20 August 2007	88,84		23 834					23 834		23 834	
	25 April 2008	92,74				21 142			21 142		21 142	
				55 689	31 855	21 142	15 424	15 424	61 407	16 431	61 407	16 431

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

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

Deferred Bonus Plan 2005

Name of executive director	Expiring three years from	Original Issue price (Rand)	Number of conditional awards at 31 Dec 2007	Conditional awards granted in 2008	Number of conditional awards at 31 Dec 2008	Conditional awards time constrained
B G Dunlop	3 August 2007	90,27	3 357		3 357	3 357
	1 March 2008	88,75		2 730	2 730	2 730
			3 357	2 730	6 087	6 087
M H Munro	3 August 2007	90,27	2 887		2 887	2 887
	1 March 2008	88,75		3 337	3 337	3 337
			2 887	3 337	6 224	6 224
P H Staude	3 August 2007	90,27	7 711		7 711	7 711
	1 March 2008	88,75		11 219	11 219	11 219
			7 711	11 219	18 930	18 930

The deferred bonus shares were purchased by the participating employees on 1 March 2008 in respect of the 2008 award (2007: purchased on 3 August 2007).

The share awards were made and exercised at various times and the average share price for the year was R77,80 (2007: R128,64 for Tongaat-Hulett Group Limited up to 30 June 2007 and R93,39 for Tongaat Hulett for the remainder of the year).

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

34. **BEE EMPLOYEE SHARE OWNERSHIP PLANS**

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

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

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

The number of shares repurchased at maturity is calculated such that the market value of the repurchased shares will be equal to :

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

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

Employee Share Ownership Plan - Share Appreciation Right Scheme

Grant date	Estimated fair value per right Rand	Number of shares issued at 31 December 2007	Number of rights allocated at 31 December 2007	Number of rights allocated in 2008	Number of rights forfeited in 2008	Number of rights allocated at 31 December 2008
1 August 2007	28,90	5 422 829	4 408 235		494 660	3 913 575
1 February 2008	18,38			205 850	24 110	181 740
1 August 2008	17,92			215 460	7 110	208 350
		5 422 829	4 408 235	421 310	525 880	4 303 665

34. **BEE EMPLOYEE SHARE OWNERSHIP PLANS** continued

Management Share Ownership Plan - Share Appreciation Right Scheme

Grant date	Estimated fair value per right Rand	Number of shares issued at 31 December 2007	Number of rights allocated at 31 December 2007	Number of rights allocated in 2008	Number of rights forfeited in 2008	Number of rights allocated at 31 December 2008
1 August 2007	19,80	3 296 657	1 546 630		93 050	1 453 580
1 February 2008	13,93			167 710		167 710
1 August 2008	14,79			176 460		176 460
		3 296 657	1 546 630	344 170	93 050	1 797 750

Management Share Ownership Plan - Share Grant Scheme

Grant date	Estimated fair value per right Rand	Number of shares issued at 31 December 2007	Number of rights allocated at 31 December 2007	Number of rights allocated in 2008	Number of rights forfeited in 2008	Number of rights allocated at 31 December 2008
1 August 2007	64,00	1 021 422	478 870		28 800	450 070
1 February 2008	54,37			51 950		51 950
1 August 2008	57,39			54 620		54 620
		1 021 422	478 870	106 570	28 800	556 640

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

Fixed share price at grant dates	R92,90
Expected option life	57 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	1 August 2008 award : 10,06%, 1 February 2008 award : 9,62% and 1 August 2007 award : 8,45%
Expected volatility	The weighted average expected volatility of 28% (2007 : 27%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected early exercise	Not applicable
Time constraints	Five years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.

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

Employee Share Ownership Plan - Share appreciation right scheme

Exercise price	R92,90 plus cash dividends to be received over the life of the scheme.
Expected dividends	A weighted average dividend yield of 4,9% (2007 : 4,6%) was used.

Management Share Ownership Plan - Share appreciation right scheme

Exercise price	R74,32.
Expected dividends	Nil.

Management Share Ownership Plan - Share grant scheme

Exercise price	Nil.
Expected dividends	Nil.