

# Segmental Analysis

## BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
<b>2012</b>							
Starch operations	2 580	363	1 691	382	1 284	71	97
Agricultural Land Conversion and Developments	366	215	1 631	446	1 214		1
Sugar			14 322	1 491	13 181	581	268
Zimbabwe operations	2 266	621					
Swaziland operations	163	51					
Mozambique operations	1 437	402					
SA agriculture, milling and refining	3 465	93					
Downstream value added activities	1 804	261					
<b>Total of the operating areas</b>	<b>12 081</b>	<b>2 006</b>	<b>17 644</b>	<b>2 319</b>	<b>15 679</b>	<b>652</b>	<b>366</b>
Centrally accounted and consolidation items		(85)	138	5 249	87	22	
	12 081	1 921	17 782	7 568	15 766	674	366
Bulk sales/capital profit on land		3					
BEE IFRS 2 charge and transaction costs		(48)		737			
Other valuation adjustments		2					
<b>Consolidated total</b>	<b>12 081</b>	<b>1 878</b>	<b>17 782</b>	<b>8 305</b>	<b>15 766</b>	<b>674</b>	<b>366</b>
<b>2011</b>							
Starch operations	2 357	303	1 633	370	1 220	53	96
Agricultural Land Conversion and Developments	207	166	1 217	363	891		1
Sugar			11 395	1 824	10 223	751	247
Zimbabwe operations	1 646	454					
Swaziland operations	126	17					
Mozambique operations	715	135					
SA agriculture, milling and refining	2 991	(7)					
Downstream value added activities	1 639	241					
<b>Total of the operating areas</b>	<b>9 681</b>	<b>1 309</b>	<b>14 245</b>	<b>2 557</b>	<b>12 334</b>	<b>804</b>	<b>344</b>
Centrally accounted and consolidation items		29	246	4 168	217	2	
	9 681	1 338	14 491	6 725	12 551	806	344
Bulk sales/capital profit on land		23					
Capital profit on other items		4					
BEE IFRS 2 charge and transaction costs		(46)		761			
Defined benefit pension fund asset recognition		288					
Other valuation adjustments		(1)					
<b>Consolidated total</b>	<b>9 681</b>	<b>1 606</b>	<b>14 491</b>	<b>7 486</b>	<b>12 551</b>	<b>806</b>	<b>344</b>

## GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	2012	2011
South Africa, Mozambique and Zimbabwe	9 676	7 782
Europe	1 568	725
Rest of Africa	528	860
Australasia	177	130
Asia and other	72	63
North America	60	69
South America		52
	<b>12 081</b>	<b>9 681</b>

The aggregate effect of intra-group transactions is immaterial.

Geographical location of segment assets: South Africa R6 068 million; Other countries R11 714 million (2011 - South Africa R5 265 million; Other countries R9 226 million).

Expenditure on property, plant and equipment by geographical location of assets:

South Africa R227 million; Other countries R447 million (2011 - South Africa R192 million; Other countries R614 million).

# Annual Financial Statements

for the year ended 31 March 2012

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## FINANCIAL HIGHLIGHTS

	2012	2011
Revenue (Rmillion)	<b>12 081</b>	9 681
Profit from the operating areas (Rmillion)	<b>2 006</b>	1 309
Operating profit (Rmillion)	<b>1 878</b>	1 606
Headline earnings (Rmillion)	<b>891</b>	806
Headline earnings per share - basic (cents)	<b>838,9</b>	760,5
Annual dividend per share (cents)	<b>290,0</b>	250,0

## CURRENCY CONVERSION GUIDE

	Closing rate at 31 March		
	2012	2011	2010
Rand/US dollar	<b>7,67</b>	6,80	7,39
Rand/Metical	<b>0,28</b>	0,22	0,24
Rand/Euro	<b>10,24</b>	9,66	9,95
US dollar/Euro	<b>1,34</b>	1,42	1,35

	Average rate for year		
	2012	2011	2010
Rand/US dollar	<b>7,44</b>	7,19	7,81
Rand/Metical	<b>0,27</b>	0,21	0,27
Rand/Euro	<b>10,24</b>	9,49	11,03
US dollar/Euro	<b>1,38</b>	1,32	1,41

## PREPARATION OF ANNUAL FINANCIAL STATEMENTS

These annual financial statements have been prepared in accordance with International Financial Reporting Standards under the supervision of the Chief Financial Officer, Mr M H Munro CA (SA) and have been audited in accordance with the requirements of the Companies Act of South Africa.

# Independent Auditor's Report

to the shareholders of Tongaat Hulett Limited

We have audited the consolidated annual financial statements and the separate annual financial statements of Tongaat Hulett Limited, which comprise the consolidated and separate statements of financial position as at 31 March 2012, the consolidated and separate income statements, the consolidated and separate statements of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information and the directors' report, as set out on page 65 and pages 68 to 121 as well as the Audit and Compliance Committee Report set out on pages 54 to 55.

## Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## 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 about 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 consolidated and separate financial position of Tongaat Hulett Limited as at 31 March 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.



## Deloitte & Touche

Audit KZN  
Registered Auditors  
Per W Moodley  
Partner

2 Pencarrow Park  
Pencarrow Crescent  
La Lucia Ridge Office Estate  
La Lucia, 4051

24 May 2012

National Executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory & Legal Services NB Kader Tax L Geeringh Consulting L Bam Corporate Finance JK Mazzacco Talent & Transformation CR Beukman Finance TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board.

Regional Leader: GC Brazier

A full list of partners and directors is available on request.

# Directors' Statement of Responsibility and Approval of Annual Financial Statements

for the year ended 31 March 2012

The directors are responsible for the preparation and integrity of the consolidated 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 external 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 judgments 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 March 2012 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.

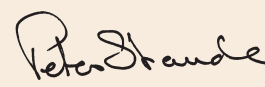
The independent external auditors concur with the above statements by the directors.

The company's independent external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears on page 67.

The annual financial statements were approved by the board of directors on 24 May 2012 and are signed on its behalf by:



**J B Magwaza**  
Chairman



**Peter Staude**  
Chief Executive Officer

Amanzimnyama  
Tongaat, KwaZulu-Natal

24 May 2012

## Certificate by Company Secretary

I certify that the company has lodged with the Companies and Intellectual Properties Commission all such returns as are required of a public company in

terms of the Companies Act of South Africa in respect of the year ended 31 March 2012 and that all such returns are true, correct and up to date.



**M A C Mahlari**  
Company Secretary

Amanzimnyama  
Tongaat, KwaZulu-Natal

24 May 2012

# Directors' Statutory Report

## DIRECTORS' STATUTORY REPORT

The directors have pleasure in submitting the annual financial statements for the year ended 31 March 2012.

## NATURE OF BUSINESS

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

## FINANCIAL RESULTS

The net profit attributable to shareholders for the year ended 31 March 2012 amounted to R889 million (2011: R833 million). This translates into a headline earnings per share of 838,9 cents (2011: 760,5 cents) based on the weighted average number of shares in issue during the year.

## DIVIDENDS

An interim cash dividend number 168 of 120 cents per share was paid on 26 January 2012 and a final gross cash dividend number 169 of 170 cents per share has been declared and is payable on 19 July 2012 to shareholders registered at the close of business on 13 July 2012.

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

Last date to trade ordinary shares "CUM" dividend	Friday	6 July 2012
Ordinary shares trade "EX" dividend	Monday	9 July 2012
Record date	Friday	13 July 2012
Payment date	Thursday	19 July 2012

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 9 July 2012 and Friday 13 July 2012, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by United Kingdom transfer secretaries will be paid in British currency at

the rate of exchange ruling at the close of business on Friday 6 July 2012.

The dividend has been declared from income reserves. There are no STC credits available for utilisation. A net dividend of 144,5 cents per share will apply to shareholders liable for the local 15% dividend withholding tax and 170 cents per share for shareholders exempt from paying the new dividend tax. The issued ordinary share capital as at 24 May 2012 is 105 143 181 shares.

## SHARE CAPITAL

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

During the period, 129 000 shares were allotted (there were no shares allotted to directors) in respect of options exercised in terms of the company's employee share incentive schemes for a total consideration of R4 million. This is in accordance with previous shareholder authority in relation to these schemes. Details of the unissued ordinary shares and the company's share incentive schemes are set out in notes 11, 34 and 35.

At the previous AGM, 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 AGM 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 AGM of the company; provided that such authority will not extend beyond 15 months from the date of the resolution;
- not being made at a price greater than ten percent above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five business day period.

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

- the company and its subsidiaries (together "the group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 24 May 2012;
- 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 24 May 2012. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited group annual financial statements;
- the ordinary capital and reserves of the company and the group will be sufficient for the company's and the group's present requirements for 12 months from 24 May 2012;

- the working capital of the company and the group for a period of 12 months from 24 May 2012 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 March 2012 is as follows:

	2012	2011
In the aggregate amount:		
Net profit (Rmillion)	877	670
Net losses (Rmillion)	23	29

## DIRECTORATE

During the period, R H J Stevens retired from the Board at the AGM in July 2011 and S G Pretorius was appointed to the Board in August 2011. The composition of the Board, at 31 March 2012, is as follows: J B Magwaza (Chairman), P H Staude (CEO), B G Dunlop, F Jakoet, J John, R P Kupara, A A Maleiane, M Mia, T N Mgoduso, N Mjoli-Mncube, M H Munro, S G Pretorius, C B Sibisi .

Directors retiring by rotation at the AGM in accordance with article 61 of the memorandum of incorporation are T Mgoduso and B Sibisi. These directors are eligible and offer themselves for re-election. M Mia will retire by rotation and will not seek re-election. S G Pretorius was appointed during the course of the period to 31 March 2012 and is required to retire and be elected at the AGM in accordance with article 59 of the memorandum of incorporation. The director is eligible and offers himself for election. J B Magwaza reaches retirement age this year. The company wishes to retain his services for a further period of up to two years. Accordingly, he will retire in accordance with article 61 of the memorandum of incorporation and will seek re-election for a period as determined by shareholders. Details of each of these retiring directors are set out on pages 62 to 64.

### **DIRECTORS' SHAREHOLDINGS**

At 31 March 2012, the present directors of the company beneficially held a total of 320 520 ordinary shares equivalent to 0,30 percent in the ordinary listed share capital of the company (2011: 277 161 shares equivalent to 0,26 percent). Details of the directors' shareholdings and interests in the share incentive schemes are provided in notes 33 and 34. There has been no change in these holdings between 31 March and 24 May 2012.

### **AUDIT AND COMPLIANCE COMMITTEE**

The Audit and Compliance committee has considered the provisions of the Companies Act 2008 and has

taken the necessary steps to ensure compliance. The committee confirms that during the period under review it carried out its functions responsibly and in accordance with its terms of reference as detailed in its Report contained in the Corporate Governance section of this integrated annual report on pages 54 - 55. 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.

# Statements of Financial Position

as at 31 March 2012

Tongaat Hulett Limited

Company		Rmillion	Note	Consolidated	
2011	2012			2012	2011
<b>ASSETS</b>					
<b>Non-current assets</b>					
2 386	2 439	Property, plant and equipment	1	9 026	7 665
363	613	Growing crops	2	3 575	2 608
294	294	Defined benefit pension fund asset	32	294	294
239	180	Long-term receivable and prepayment	3	115	135
		Goodwill	4	260	230
31	64	Intangible assets	5	65	32
		Investments	6	12	7
3 917	4 545	Subsidiaries and joint ventures	7		
7 230	8 135			13 347	10 971
1 283	1 342	<b>Current assets</b>		4 435	3 520
436	471	Inventories	8	1 483	1 365
613	699	Trade and other receivables		1 976	1 457
141	131	Major plant overhaul costs		380	331
11	4	Derivative instruments	9	4	11
9		Tax			6
73	37	Cash and cash equivalents	10	592	350
8 513	9 477	<b>TOTAL ASSETS</b>		17 782	14 491
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
140	140	Share capital	11	140	140
1 524	1 528	Share premium		1 528	1 524
		BEE held consolidation shares	12	(799)	(868)
1 143	1 062	Retained income		5 888	5 305
415	432	Other reserves		(48)	(1 301)
3 222	3 162	<b>Shareholders' interest</b>		6 709	4 800
		Minority interests in subsidiaries		1 087	840
3 222	3 162	<b>Equity</b>		7 796	5 640
1 746	2 232	<b>Non-current liabilities</b>		4 706	3 981
447	462	Deferred tax	13	1 663	1 365
977	1 419	Long-term borrowings	14	1 732	1 345
		Non-recourse equity-settled BEE borrowings	15	737	761
322	351	Provisions	16	574	510
3 545	4 083	<b>Current liabilities</b>		5 280	4 870
1 106	1 112	Trade and other payables	17	1 997	1 938
2 437	2 970	Short-term borrowings	14	3 264	2 930
2	1	Derivative instruments	9	1	2
		Tax		18	
8 513	9 477	<b>TOTAL EQUITY AND LIABILITIES</b>		17 782	14 491



# Income Statements

for the year ended 31 March 2012

Tongaat Hulett Limited

Company		Rmillion	Note	Consolidated	
2011	2012			2012	2011
6 250	7 006	<b>REVENUE</b>		<b>12 081</b>	9 681
620	672	<b>Profit from operations</b>		<b>1 921</b>	1 338
5	104	Bulk sales / capital profit on land		<b>3</b>	23
2		Capital profit on other items			4
(43)	(45)	BEE IFRS 2 charge and transaction costs		<b>(48)</b>	(46)
		Valuation adjustments:			
288		Defined benefit pension fund asset recognition		<b>2</b>	288
		Other valuation adjustments			(1)
872	731	<b>Operating profit after corporate transactions</b>	18	<b>1 878</b>	1 606
		Share of associate company's profit/(loss)		<b>1</b>	(2)
(369)	(374)	Financing costs	20	<b>(527)</b>	(484)
8	7	Finance income	20	<b>20</b>	12
511	364	<b>PROFIT BEFORE TAX</b>		<b>1 372</b>	1 132
(137)	(62)	Tax	21	<b>(351)</b>	(261)
374	302	<b>NET PROFIT</b>		<b>1 021</b>	871
		<b>Attributable to:</b>			
374	302	Shareholders of Tongaat Hulett		<b>889</b>	833
		Minority (non-controlling) interest		<b>132</b>	38
374	302			<b>1 021</b>	871
		<b>EARNINGS PER SHARE (cents)</b>	23		
		Basic		<b>837,0</b>	786,0
		Diluted		<b>817,6</b>	764,3

# Statements of Other Comprehensive Income

for the year ended 31 March 2012

Tongaat Hulett Limited

Company		Rmillion	Consolidated					
2011	2012		2012	2011				
374	302	<b>PROFIT FOR THE YEAR</b>	<b>1 021</b>	871				
(3)	(2)	<b>OTHER COMPREHENSIVE INCOME</b>	<b>1 360</b>	(542)				
<div style="border: 1px solid black; padding: 5px;"> <table> <tr> <td>(4)</td> <td>(3)</td> </tr> <tr> <td>1</td> <td>1</td> </tr> </table> </div>		(4)	(3)	1	1	Movement in non-distributable reserves:		
		(4)	(3)					
		1	1					
		Foreign currency translation	<b>1 362</b>	(539)				
Hedge reserve	<b>(3)</b>	(4)						
Tax on movement in hedge reserve	<b>1</b>	1						
371	300	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2 381</b>	329				
<b>Total comprehensive income attributable to:</b>		Shareholders of Tongaat Hulett	<b>2 125</b>	358				
		Minority (non-controlling) interest	<b>256</b>	(29)				
		371	300	<b>2 381</b>	329			

# Statements of Changes in Equity

for the year ended 31 March 2012

Tongaat Hulett Limited

	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 (non-controlling) Interest	Total
	Ordinary	B Ordinary	A Preferred Ordinary									
Rmillion												
<b>CONSOLIDATED</b>												
<b>Balance at 1 April 2010</b>	104	10	25	1519	(935)	33	361	(1 235)	4 691	4 573	870	5 443
Share capital issued	1			5						6		6
Amortisation of BEE IFRS 2 charge					42					42		42
Share-based payment charge							42			42		42
Settlement of share-based payment awards							(27)			(27)		(27)
Consolidation of subsidiaries											1	1
Loan account movement											2	2
Reallocation					25				(28)	(3)	3	
Dividends paid									(191)	(191)		(191)
Dividends paid - minorities											(7)	(7)
Total comprehensive income for the period								(475)	833	358	(29)	329
Retained earnings									833	833	38	871
Movement in hedge reserve								(3)		(3)		(3)
Foreign currency translation								(472)		(472)	(67)	(539)
<b>Balance at 31 March 2011</b>	105	10	25	1524	(868)	33	376	(1 710)	5 305	4 800	840	5 640
Share capital issued				4						4		4
Amortisation of BEE IFRS 2 charge					42					42		42
Share-based payment charge							47			47		47
Settlement of share-based payment awards							(30)			(30)		(30)
Reallocation					27				(27)			
Dividends paid									(279)	(279)		(279)
Dividends paid - minorities											(9)	(9)
Total comprehensive income for the period								1 236	889	2 125	256	2 381
Retained earnings									889	889	132	1 021
Movement in hedge reserve								(2)		(2)		(2)
Foreign currency translation								1 238		1 238	124	1 362
<b>Balance at 31 March 2012</b>	105	10	25	1528	(799)	33	393	(474)	5 888	6 709	1 087	7 796
<b>COMPANY</b>												
<b>Balance at 1 April 2010</b>	104	10	25	1519		29	368	6	1 062	3 123		
Share capital issued	1			5						6		6
Share-based payment charge							42			42		42
Settlement of share-based payment awards							(27)			(27)		(27)
Dividends paid and accrued									(293)	(293)		(293)
Total comprehensive income for the period								(3)	374	371		371
Retained earnings									374	374		374
Movement in hedge reserve								(3)		(3)		(3)
<b>Balance at 31 March 2011</b>	105	10	25	1524		29	383	3	1 143	3 222		
Share capital issued				4						4		4
Share-based payment charge							47			47		47
Settlement of share-based payment awards							(28)			(28)		(28)
Dividends paid and accrued									(383)	(383)		(383)
Total comprehensive income for the period								(2)	302	300		300
Retained earnings									302	302		302
Movement in hedge reserve								(2)		(2)		(2)
<b>Balance at 31 March 2012</b>	105	10	25	1528		29	402	1	1 062	3 162		

# Statements of Cash Flows

for the year ended 31 March 2012

Tongaat Hulett Limited

Company		Rmillion	Consolidated	
2011	2012		2012	2011
		<b>Cash generated from operations</b>		
767	650	Operating profit before dividends	<b>1 878</b>	1 606
105	81	Dividends received		
872	731	Operating profit	<b>1 878</b>	1 606
(17)	(113)	Profit on disposal of property, plant and equipment	<b>(10)</b>	(35)
		Adjustments for:		
(13)	(73)	Growing crops and other non-cash flow items	<b>(352)</b>	(622)
151	164	Depreciation	<b>366</b>	344
(288)		Defined benefit pension fund asset recognition		(288)
(40)	(38)	Tax payments	<b>(125)</b>	(111)
665	671	Cash generated from operations	<b>1 757</b>	894
		<b>Cash required by operations</b>		
277	(35)	Inventories	<b>(53)</b>	11
(84)	(64)	Trade and other receivables	<b>(454)</b>	(7)
(312)	4	Trade and other payables	<b>(12)</b>	(216)
(119)	(95)	Increase in working capital	<b>(519)</b>	(212)
546	576	Cash flow from operations	<b>1 238</b>	682
(361)	(367)	Net financing costs	<b>(507)</b>	(472)
185	209	<b>Cash flow from operating activities</b>	<b>731</b>	210
		<b>Cash flows from investing activities</b>		
		Expenditure on property, plant and equipment:		
(20)	(75)	New	<b>(329)</b>	(396)
(132)	(163)	Replacement	<b>(336)</b>	(323)
(39)	10	Major plant overhaul cost changes	<b>(9)</b>	(87)
(26)	(20)	Expenditure on intangible assets	<b>(20)</b>	(26)
2	(57)	Capital expenditure on growing crops	<b>(57)</b>	(43)
18	116	Proceeds on disposal of property, plant and equipment	<b>19</b>	41
(5)		Investments	<b>(4)</b>	(5)
(202)	(189)	Net cash used in investing activities	<b>(736)</b>	(839)
(17)	20	<b>Net cash flow before dividends and financing activities</b>	<b>(5)</b>	(629)
		<b>Dividends paid</b>		
(293)	(383)	Ordinary and preferred ordinary shares	<b>(279)</b>	(191)
		Minorities	<b>(9)</b>	(7)
(293)	(383)	Dividends paid	<b>(288)</b>	(198)
(310)	(363)	Net cash flow before financing activities	<b>(293)</b>	(827)
		<b>Cash flows from financing activities</b>		
579	976	Borrowings raised	<b>516</b>	1 103
		Non-recourse equity-settled BEE borrowings	<b>(24)</b>	(26)
6	4	Shares issued	<b>4</b>	6
(20)	(24)	Settlement of share-based payment awards	<b>(30)</b>	(27)
(214)	(629)	Inter-group loans		
351	327	Net cash from financing activities	<b>466</b>	1 056
41	(36)	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>173</b>	229
32	73	Balance at beginning of year	<b>350</b>	140
		Foreign exchange adjustment	<b>69</b>	(18)
		Exchange rate translation loss		(1)
73	37	<b>Cash and cash equivalents at end of year</b>	<b>592</b>	350

# 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. The results of 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 profit or loss 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. Maintenance expenditure on the company's sugar mills following the cessation of crushing for the season is carried forward as a current asset and charged against the following season's income. Where significant parts of a fixed asset item have different useful lives to the item itself, these component 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:

Agricultural land improvements	50 to 99 years
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 and over three to seven years in the case of cane supply agreements. 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, amortised over the period of their productive life;
- Standing cane at the estimated cane price and sucrose content less harvesting, transport and over the weighbridge costs.

## **GOODWILL**

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## **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. Livestock and game are valued at fair value less costs to sell, in accordance with IAS 41. 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 the date of each statement of financial position, 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. Bulk land sales are recognized when the relevant agreements are unconditional and binding on the purchaser and the purchaser has paid a meaningful deposit or has made arrangements to secure payment of the purchase price. 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 date of the statement of financial position.

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 at the date of the statement of financial position;
- 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 in the statement of financial position 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.
- Fair value through profit or loss financial assets, 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:

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

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

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

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

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

### ***Set-off***

Where the redemption of debt, raised for major capital projects, is provided for by sinking funds or financial instruments which allow for the legal right of set-off against the debt on the repayment date, and it is expected that the debt will be settled in this way, the related income statement, statement of cash flows and statement of financial position 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 and defined contribution schemes are held separately from those



of Tongaat Hulett and are administered and controlled by trustees.

There is a defined benefit scheme in South Africa for employees that previously covered The Tongaat Hulett Group Limited and in 2010/11 covered Tongaat Hulett and Hulamin. This scheme is actuarially valued at intervals of not more than three years using the projected unit credit method.

An actuarial valuation of liabilities, based on the existing benefits, carried out as at 31 March 2012 in accordance with IAS 19, showed the present value of the obligations to be adequately covered by the fair value of the scheme assets.

The IFRS standard IAS 19 requires that the employer recognise on its statement of financial position the relevant “defined benefit asset” relating to the accounting surplus, with a corresponding increase in earnings at the time of recognition. The details of the accounting standards on this matter are contained in IAS 19, IFRIC 14 and AC 504. Where an asset is to be recognised, IAS 19 limits the amount that should be recognised. IFRIC 14, updated in January 2010, provides guidance on this matter. AC 504, issued in October 2010, provides guidance on the application of IFRIC 14.

The application of these standards confirm the recognition of the amounts previously allocated to the Tongaat Hulett Employer Surplus Account in the Fund and recognised in Tongaat Hulett’s financial statements. The employer surplus account is being utilised for a contribution holiday and, within the regulatory framework, there is a “loan” from the pension fund to the company in respect of the employer surplus account.

A further accounting recognition was required in terms of IFRIC 14 and AC 504 for the 2010/11 financial year. These standards specify the criteria to be used in determining the amount to be recognized, which represents the difference between the estimated future IAS 19 service cost / contribution rate and the actual actuarially determined contribution rate over a relevant period. The results of the valuation at 31 March 2012 show no change from the amount of R288 million that was recognised in profit at 31 March

2011 in respect of this “defined benefit pension fund asset”.

The defined benefit pension fund accounting disclosures are detailed in note 32.

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 with 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**

##### **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 SPVs – the TH 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 recognised in profit or loss 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 million in respect of the BEE TH Infrastructure SPV and R657 million in respect of the BEE yoMoba SPV), Tongaat Hulett will be entitled to repurchase, at a price of R0,01 per share, such number of shares as determined in accordance with a repurchase formula, subject to the external funding claims in the SPV. The number of shares repurchased will be a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett and the success of the earn-in initiatives by the respective BEE partners. In compliance with IFRS, the two BEE SPVs are consolidated by Tongaat Hulett and consequently the preferred ordinary shares are reflected as treasury shares in the consolidated financial statements and are taken into account where relevant when calculating earnings per share. The external debt of the SPVs, amounting to R737 million in aggregate at 31 March 2012 (2011 – R761 million), is thus reflected on the consolidated statement of financial position and

the funding charge incurred by the SPV is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will effectively be equity-settled. After seven years the preferred ordinary shares will convert into Tongaat Hulett listed ordinary shares.

### ***BEE 7% employee interest***

The 7% BEE employee transaction comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP). The ESOP scheme consists of a share appreciation right scheme and participants share in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consists of two components namely a share appreciation right scheme and a share grant scheme. The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. These shares have specific repurchase terms at maturity on 1 August 2012. They are a separate class of restricted shares which, other than for the repurchase terms, rank *pari passu* with ordinary shares and become ordinary shares on maturity.

The IFRS 2 costs relating to the 7% BEE employee transaction is amortised over 5 years from date of grant. The initial grant of awards occurred on 1 August 2007 and the amortisation of the IFRS 2 cost relating to this award commenced in the second half of 2007. The beneficiaries of these initial awards will receive their entitlement to Tongaat Hulett ordinary shares when they vest on 1 August 2012.

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 reflected as treasury shares in the consolidated financial statements and are taken into account where relevant when calculating diluted earnings per share.

#### **JUDGEMENTS MADE BY MANAGEMENT**

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

##### ***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 as well as the estimated cane price. These estimates can vary from the actuals when the cane is harvested.

##### ***In Tongaat Hulett Developments, project cost of sales determination and cost allocation to sites includes a future development expenditure accrual***

Judgement is applied in determining total project costs, which are supported by estimates from professional consultants and consulting engineers for services infrastructure. These costs are reviewed by management three to four times a year during the forecasting process and if necessary, estimates are revised accordingly. At the outset as well as during the life of a project, judgement is applied in determining the sales prices per saleable sites or bulk square metres, which is supported with input from estate agents, external property valuers and management on an ongoing basis as well as during the forecasting process. For phased developments, judgement is applied to allocate common costs including bulk infrastructure expenditure to development phases, taking into account factors such as expected sales values, land areas and development intensity. Thereafter, cost of sales allocation to sites is determined in proportion to sales values after making allowance for site and phase specific infrastructural requirements.

##### ***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.

##### ***Pension fund defined benefit asset***

IAS 19 requires that the employer recognise on its statement of financial position the relevant "Defined Benefit Asset" relating to the accounting surplus in the defined benefit pension fund, with a corresponding increase in earnings at the time of recognition. Where an asset is to be recognised, IAS 19 limits the amount that should be recognised. Further detail is provided in note 32.

##### ***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 date of the statement of financial position.

## KEY SOURCES OF ESTIMATION UNCERTAINTY

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position 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.

## NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

The following relevant new standards and interpretations were also in issue but not effective for the current period. 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:

IFRS 10: Consolidated Financial Statements

IFRS 11: Joint Arrangements

IFRS 12: Disclosure of Interests in Other Entities

IFRS 13: Fair Value Measurement

IAS 12: Income Taxes

IAS 19: Employee Benefits

IAS 27: Separate Financial Statements

IAS 28: Investments in Associates and Joint Ventures

Amendments to IFRS 7 Disclosures: Offsetting Financial Assets and Financial Liabilities

Amendments to IFRS 9 (2009), IFRS 9 (2010) and IFRS 7: Mandatory Effective Date of IFRS 9 and Transition Disclosures

Amendments to IAS 1: Presentation of Items of Other Comprehensive Income

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities

# Notes to the Financial Statements

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

<b>Consolidated</b>	Total	Land, improvements and buildings	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	7 665	2 116	3 793	1 505	52	199
Additions	665	82	193	147	1	242
Disposals	(9)	(1)	(3)	(5)		
Depreciation	(366)	(41)	(219)	(103)	(3)	
Transfers		26	49	(3)		(72)
Currency alignment	1 089	238	531	275	13	32
Transfer to intangible assets	(18)					(18)
<b>Carrying value at end of year</b>	<b>9 026</b>	<b>2 420</b>	<b>4 344</b>	<b>1 816</b>	<b>63</b>	<b>383</b>
Comprising:						
<b>31 March 2012</b>						
At cost	12 171	2 796	6 455	2 446	91	383
Accumulated depreciation	3 145	376	2 111	630	28	
	<b>9 026</b>	<b>2 420</b>	<b>4 344</b>	<b>1 816</b>	<b>63</b>	<b>383</b>
<b>31 March 2011</b>						
At cost	10 323	2 417	5 638	1 997	72	199
Accumulated depreciation	2 658	301	1 845	492	20	
	<b>7 665</b>	<b>2 116</b>	<b>3 793</b>	<b>1 505</b>	<b>52</b>	<b>199</b>
<b>Company</b>						
Carrying value at beginning of year	2 386	468	1 671	158	1	88
Additions	238	11	60	20	1	146
Disposals	(3)	(2)	(1)			
Depreciation	(164)	(5)	(136)	(22)	(1)	
Transfers		5	35	10		(50)
Transfer to intangible assets	(18)					(18)
<b>Carrying value at end of year</b>	<b>2 439</b>	<b>477</b>	<b>1 629</b>	<b>166</b>	<b>1</b>	<b>166</b>
Comprising:						
<b>31 March 2012</b>						
At cost	4 435	574	3 293	398	4	166
Accumulated depreciation	1 996	97	1 664	232	3	
	<b>2 439</b>	<b>477</b>	<b>1 629</b>	<b>166</b>	<b>1</b>	<b>166</b>
<b>31 March 2011</b>						
At cost	4 239	560	3 208	380	3	88
Accumulated depreciation	1 853	92	1 537	222	2	
	<b>2 386</b>	<b>468</b>	<b>1 671</b>	<b>158</b>	<b>1</b>	<b>88</b>

Plant and machinery of Mozambique and Zimbabwe subsidiaries with a book value of R957 million (2011 - R787 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R132 million (2011 - R291 million).

Land and agricultural improvements, to which Tongaat Hulett has rights in Zimbabwe, have been included in the consolidation of the Zimbabwe subsidiaries.

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

# Notes to the Financial Statements CONTINUED

## 2. GROWING CROPS (Rmillion)

	Consolidated		Company	
	2012	2011	2012	2011
Carrying value at beginning of year	2 608	2 041	363	256
Gain arising from physical growth and price changes	375	611	102	58
Increase due to increased area under cane	135	102	122	55
Expenditure on new area	57		57	
Decrease due to reduced area under cane	(45)	(8)	(31)	(6)
Currency alignment	445	(138)		
Carrying value at end of year	<b>3 575</b>	2 608	613	363
The carrying value comprises:				
Roots	1 668	1 179	367	221
Standing cane	1 907	1 429	246	142
	<b>3 575</b>	2 608	613	363
Area under cane (hectares)				
South Africa	25 013	18 859	25 013	18 859
Mozambique	24 675	24 664		
Swaziland	3 840	3 838		
Zimbabwe	28 432	28 494		
	<b>81 960</b>	75 855	25 013	18 859

In terms of IAS 41: Agriculture, sugar cane growing crops are accounted for as biological assets and are measured and recognised at fair value. Changes in the fair value, replanting and agricultural operating costs incurred are included in profit and loss.

- The fair value of roots is determined on a current amortised cost basis, which is adjusted for cost increases, and the amortisation takes place over the life of the roots (between approximately 6 and 12 years).
- The fair value of standing cane is determined by the growth of the cane, the yield, sucrose content, selling prices (including specifics such as European Union exports), less costs to harvest and transport, over-the-weighbridge costs and costs into the market.

The statement of financial position reflects the following in respect of growing crops:

	2012					2011
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
<b>Roots</b>						
Hectares under cane	25 013	3 840	28 432	24 675	81 960	75 855
Amortised root value (Rand per hectare)	14 682	11 997	18 155	29 941	20 355	15 540
<b>Cane</b>						
Hectares for harvest	21 529	3 741	28 432	24 037	77 739	73 079
Standing cane value (Rand per hectare)	11 399	28 947	29 877	29 254	24 522	19 552
<b>Yield</b>						
Tons cane per hectare	57	127	104	86	86	85
<b>Statement of Financial Position (Rmillion)</b>						
Roots	367	46	516	739	1 668	1 179
Standing cane	245	108	850	704	1 907	1 429
Total	612	154	1 366	1 443	3 575	2 608

The statement of financial position reflects the following in respect of growing crops: continued

Rmillion	2012	2011
Carrying value at beginning of year	2 608	2 041
Change in fair value *	465	662
Foreign currency translation	445	(138)
Other	57	43
Carrying value at end of year	3 575	2 608

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2012 is as follows:

Rmillion	2012	2011
Roots	201	332
Standing cane	264	330
Change in fair value *	465	662

Rmillion	2012	2011
South Africa	191	109
Swaziland	21	7
Zimbabwe	214	283
Mozambique	39	263
Change in fair value *	465	662

\* This represents the gross change in fair value. The agricultural costs actually incurred in generating this increase in fair value are charged to cost of sales.

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

	Consolidated		Company	
	2012	2011	2012	2011
<b>Long-term receivable</b>				
Pension fund employer surplus account allocation (refer to note 32)	175	216	175	216
Less current portion of employer surplus account allocation	(60)	(81)	(60)	(81)
Carrying value at end of year	115	135	115	135
<b>Prepayment</b>				
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	(156)	(114)	(145)	(106)
At beginning of year	(114)	(72)	(106)	(67)
Charge for the year	(42)	(42)	(39)	(39)
Less BEE share ownership plan consolidation shares	(71)	(113)		
			65	104
Carrying value at end of year	115	135	180	239

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 35.

# Notes to the Financial Statements CONTINUED

## 4. GOODWILL (Rmillion)

	Consolidated	
	2012	2011
Carrying value at beginning of year	230	240
Consolidation of subsidiaries		8
Currency exchange rate changes	30	(18)
Carrying value at end of year	<u>260</u>	<u>230</u>

Goodwill is attributable to the Mozambique and Zimbabwe sugar operations and a Botswana and a Namibia 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 March 2012, the carrying value of goodwill was considered not to require impairment.

## 5. INTANGIBLE ASSETS (Rmillion)

	Consolidated		Company	
	2012	2011	2012	2011
<b>Cost:</b>				
At beginning of year	50	22	45	19
Consolidation of subsidiaries		2		
Additions	20	26	20	26
Transfer from property, plant and equipment	18		18	
Currency alignment	1			
At end of year	<u>89</u>	<u>50</u>	<u>83</u>	<u>45</u>
<b>Accumulated amortisation:</b>				
At beginning of year	18	13	14	11
Consolidation of subsidiaries		1		
Charge for the year	5	4	5	3
Currency alignment	1			
At end of year	<u>24</u>	<u>18</u>	<u>19</u>	<u>14</u>
Carrying value at end of year	<u>65</u>	<u>32</u>	<u>64</u>	<u>31</u>
The carrying value comprises:				
Software	28	28	27	27
Cane supply agreements	3	4	3	4
Patents (in progress)	34		34	
	<u>65</u>	<u>32</u>	<u>64</u>	<u>31</u>

## 6. INVESTMENTS (Rmillion)

	Consolidated		Company	
	2012	2011	2012	2011
Unlisted shares at cost	11	6		
Loans	1	1		
Carrying value of investments (Directors' valuation)	<u>12</u>	<u>7</u>		

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



## 7. SUBSIDIARIES AND JOINT VENTURES (Rmillion)

	Company	
	2012	2011
Shares at cost, less amounts written off	4 397	4 703
Indebtedness by	514	42
Indebtedness to	(366)	(828)
	<b>4 545</b>	<b>3 917</b>

Details of principal subsidiary companies and joint ventures are included in note 26.

Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of joint ventures, which comprise in the main, Effingham Development (33%) and Tongaat Hulett/IFA Resort Developments (50%) and which are included in the consolidated financial statements are set out below.

	Consolidated	
	2012	2011
Property, plant and equipment	7	7
Current assets	238	345
Less: Current liabilities	(52)	(110)
Interest in joint ventures	<b>193</b>	<b>242</b>

Tongaat Hulett's proportionate share of the trading results of the joint ventures is as follows:

Revenue	<b>18</b>	111
Profit before tax	<b>6</b>	54
Tax	(2)	(15)
Net profit after tax	<b>4</b>	39

Tongaat Hulett's proportionate share of cash flows of the joint ventures is as follows:

Cash flows from operating activities	<b>18</b>	40
Net cash used in investing activities	(2)	(35)
Movement in net cash resources	<b>16</b>	5

## 8. INVENTORIES (Rmillion)

	Consolidated		Company	
	2012	2011	2012	2011
Raw materials	251	255	217	209
Work in progress	21	17	20	17
Finished goods	192	178	103	95
Consumables	492	450	131	115
Development properties	441	413		
Livestock and game	86	52		
	<b>1 483</b>	<b>1 365</b>	<b>471</b>	<b>436</b>

Included in raw materials is an amount of R157 million (2011: R164 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

# Notes to the Financial Statements CONTINUED

## 9. DERIVATIVE INSTRUMENTS (Rmillion)

	Consolidated		Company	
	2012	2011	2012	2011
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	2	3	2	3
Forward exchange contracts - not hedge accounted		5		5
Futures contracts - hedge accounted	1	1	1	1
	<b>3</b>	<b>9</b>	<b>3</b>	<b>9</b>
Summarised as:				
Derivative assets	4	11	4	11
Derivative liabilities	(1)	(2)	(1)	(2)
	<b>3</b>	<b>9</b>	<b>3</b>	<b>9</b>

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	
	2012	2011	2012	2011
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				
	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>
Issued and fully paid:				
105 143 181 (31 March 2011 - 105 014 181) ordinary shares of R1,00 each	105	105	105	105
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
	<b>140</b>	<b>140</b>	<b>140</b>	<b>140</b>

Under control of the directors:

- for the purposes of the employee share option schemes in accordance with previous shareholder authority 10 086 316 shares (2011: 9 932 528 shares).
- in terms of a shareholders' resolution 5 250 709 shares (2011: 5 240 588 shares).

Details of the employee share incentive schemes are set out in note 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 34. At 31 March 2012 employees have an option to subscribe for 338 794 shares at an average price of R32,96 per share (2011: 468 294 shares at an average price of R33,42 per share) in respect of the Tongaat Hulett component and the equivalent of approximately 90 000 shares in respect of the Hulamin component (2011: 100 000 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. In 2010, shareholders approved that retention awards be included within the Long Term Incentive Plan 2005.

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

	Consolidated	
	2012	2011
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
	<b>1 066</b>	1 066
Less amount attributable to A preferred ordinary shareholders	(111)	(84)
Less amortisation of IFRS 2 charge on shares relating to the employee share ownership plans (refer to notes 3 and 35)	(156)	(114)
	<b>799</b>	868

**13. DEFERRED TAX (Rmillion)**

	Consolidated		Company	
	2012	2011	2012	2011
Balance at beginning of year	1 365	1 272	447	341
Currency alignment	94	(65)		
Consolidation of subsidiaries		(1)		
Accounted for in equity	1	(1)	1	(1)
Current year Income Statement charge /(relief) on:				
Earnings before capital profits	189	161	15	108
Capital profits	3		3	
Rate change adjustment	16			
Prior years	(5)	(1)	(4)	(1)
Balance at end of year	<b>1 663</b>	1 365	462	447
Comprising temporary differences relative to :				
Property, plant and equipment	1 264	1 161	483	459
Growing crops	598	545	172	102
Defined benefit pension fund asset	83	82	83	82
Long term receivable	49	38	49	38
Current assets	126	144	8	31
Current liabilities	(95)	(89)	(32)	(31)
Tax losses	(269)	(250)	(161)	(95)
Other	(93)	(266)	(140)	(139)
	<b>1 663</b>	1 365	462	447

A deferred tax asset has been raised in respect of the tax losses of foreign subsidiaries only where these losses may be utilised in the short term or will not expire in terms of applicable tax legislation.

# Notes to the Financial Statements CONTINUED

## 14. BORROWINGS (Rmillion)

		Consolidated		Company	
		2012	2011	2012	2011
Long-term		<b>1 732</b>	1 345	1 419	977
Short-term and bank overdraft		<b>3 264</b>	2 930	2 970	2 437
		<b>4 996</b>	4 275	4 389	3 414
Long-term borrowings comprise:					
	Effective interest rate (%)				
Secured:					
SA Rand					
Repayable 2020/2021	8,60	<b>339</b>	367		
Finance leases (refer to note 29)	7,50	<b>2</b>	2	2	2
Repaid			6		
Foreign					
Finance leases (refer to note 29)	4,25	<b>5</b>	11		
Repaid			11		
		<b>346</b>	397	2	2
Unsecured:					
SA Rand					
Long-term portion repayable 2014/2015	3 month JIBAR + 1,35	<b>736</b>	1 065	736	1 065
Bond repayable 2016/2017	3 month JIBAR + 2,43	<b>400</b>		400	
Bond repayable 2018/2019	3 month JIBAR + 2,60	<b>350</b>		350	
Foreign					
Indefinite	nil	<b>5</b>	5		
Repaid			3		
		<b>1 491</b>	1 073	1 486	1 065
Long-term borrowings		<b>1 837</b>	1 470	1 488	1 067
Less: current portion included in short-term borrowings		<b>105</b>	125	69	90
		<b>1 732</b>	1 345	1 419	977

Plant and machinery of Mozambique and Zimbabwe subsidiaries with a book value of R957 million (2011: R787 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R132 million (2011: R291 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 R148 million (2011: R315 million) and in Zimbabwe equivalent to R108 million (2011: R196 million).

Summary of future loan repayments by financial year:

Year	2013/14	2014/15	2015/16	2016/17	2017/18	Thereafter
Rmillion	102	637	40	443	47	463

In terms of the company's articles of association the borrowing powers of Tongaat Hulett are limited to R11 694 million.

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

		Consolidated	
		2012	2011
The non-recourse equity-settled BEE borrowings comprise:			
	Effective interest rate (%)		
4 122 000 Class A redeemable preference shares	9,335 nacs	167	229
4 122 000 Class B redeemable preference shares	11,960 nacs	551	515
Accrued dividends		20	18
		<b>738</b>	762
Less: BEE cash resources		1	1
		<b>737</b>	761

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		Company	
	2012	2011	2012	2011
Post-retirement medical aid obligations	357	323	274	254
Retirement gratuity obligations	116	97	77	68
Other	101	90		
	<b>574</b>	510	351	322

Further details on provisions are set out in note 32.

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

	Consolidated		Company	
	2012	2011	2012	2011
Accounts payable	1 836	1 765	951	933
Maize obligation - interest bearing	161	173	161	173
	<b>1 997</b>	1 938	1 112	1 106

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

# Notes to the Financial Statements CONTINUED

## 18. OPERATING PROFIT (Rmillion)

	Consolidated		Company	
	2012	2011	2012	2011
Revenue	12 081	9 681	7 006	6 250
Cost of sales	(8 885)	(7 791)	(6 030)	(5 394)
Administration expenses	(1 664)	(1 249)	(449)	(485)
Marketing and selling expenses	(259)	(235)	(180)	(162)
Other income (including growing crops fair value change *)	648	932	325	411
<b>Profit from Tongaat Hulett operations</b>	<b>1 921</b>	<b>1 338</b>	<b>672</b>	<b>620</b>
Bulk sales / capital profit on land (refer to note 19)	3	23	104	5
Capital profit on other items (refer to note 19)		4		2
BEE IFRS 2 charge and transaction costs	(48)	(46)	(45)	(43)
Valuation adjustments:				
Defined benefit pension fund asset recognition		288		288
Other	2	(1)		
<b>Operating profit after corporate transactions</b>	<b>1 878</b>	<b>1 606</b>	<b>731</b>	<b>872</b>
Disclosable items included in operating profit:				
Dividends received from subsidiaries			81	105
Amortisation of intangible assets	5	4	5	3
Depreciation charged:				
Buildings	41	43	6	6
Plant and equipment	219	207	135	126
Vehicles and other	106	94	23	19
Growing crops: change in fair value *	465	662	192	109
(Loss) / profit on disposal of plant and equipment	(2)	1	(1)	1
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	4	4		
Technical fees paid	12	10	12	10
Operating lease charges (property, plant and vehicles)	43	25	38	19
Share-based payments:				
IFRS 2 charge on share options, SARS, LTIP and DBP	47	42	32	30
BEE IFRS 2 charge	42	42	39	39
Auditors' remuneration:				
Fees	11	10	5	5
Other services	2	2	1	1
Net (losses)/gains on:				
Fair value hedges, losses on the hedged item	(40)	(5)	(40)	(5)
Fair value hedges, gains on the hedging instrument	40	5	40	5
Valuation adjustments on financial instruments and other items:				
Translation of foreign currency:				
- foreign cash holdings	3	(1)		
- other	(15)	(3)	(1)	
Other financial instruments	(1)	(7)	(5)	(2)

\* This represents the gross change in fair value. The agricultural costs actually incurred in generating this increase in fair value are charged to cost of sales.

19. CAPITAL PROFITS (Rmillion)	Consolidated		Company	
	2012	2011	2012	2011
Comprises:				
Surplus on sale of land	3	23	104	5
Other surpluses		4		2
Capital profits before tax	3	27	104	7
Tax (refer note 21)	(3)		(3)	
Capital profits after tax		27	101	7

20. NET FINANCING (COSTS)/INCOME (Rmillion)	Consolidated		Company	
	2012	2011	2012	2011
Net financing costs comprise:				
Interest paid - external	(528)	(491)	(332)	(328)
Interest capitalised	1	7		
Interest paid - subsidiaries			(42)	(41)
Financing costs	(527)	(484)	(374)	(369)
Interest received - external	20	12	5	3
Interest received - subsidiaries			2	5
Finance income	20	12	7	8
Net financing costs	(507)	(472)	(367)	(361)

21. TAX (Rmillion)	Consolidated		Company	
	2012	2011	2012	2011
Earnings before capital profits:				
Current	108	93	7	
Deferred	189	161	15	108
Rate change adjustment (deferred)	16			
Secondary tax on companies	36	29	36	29
Prior years	(1)	(22)	1	
	348	261	59	137
Capital profits:				
Deferred	3		3	
Tax for the year	351	261	62	137
Foreign tax included above	225	68	7	

# Notes to the Financial Statements CONTINUED

21. TAX (Rmillion) (continued)	Consolidated		Company	
	2012	2011	2012	2011
Tax charge at normal rate of South African tax	384	317	102	143
Adjusted for:				
Non-taxable income and permanent allowances	(112)	(15)	(87)	(37)
Assessed losses of foreign subsidiaries	(3)	(48)		
Non-allowable expenditure	23	29	1	2
Foreign withholding tax and rate variations	3	(29)	3	
Rate change adjustment (deferred)	16			
Secondary tax on companies	36	29	36	29
Capital gains	5		5	
Prior years	(1)	(22)	2	
<b>Tax charge</b>	<b>351</b>	<b>261</b>	<b>62</b>	<b>137</b>
Normal rate of South African tax	28,0%	28,0%	28,0%	28,0%
Adjusted for:				
Non-taxable income and permanent allowances	(8,2)	(1,3)	(23,9)	(7,2)
Assessed losses of foreign subsidiaries	(0,2)	(4,3)		
Non-allowable expenditure	1,7	2,5	0,3	0,4
Foreign withholding tax and rate variations	0,2	(2,5)	0,8	
Rate change adjustment (deferred)	1,2			
Secondary tax on companies	2,6	2,5	9,8	5,7
Capital gains	0,4		1,4	
Prior years	(0,1)	(1,9)	0,6	
<b>Effective rate of tax</b>	<b>25,6%</b>	<b>23,0%</b>	<b>17,0%</b>	<b>26,9%</b>

22. HEADLINE EARNINGS (Rmillion)	Consolidated	
	2012	2011
Profit attributable to shareholders	889	833
Less after tax effect of surplus on sale of property	2	(27)
Capital profit on sale of land	(3)	(23)
Capital profit on other items		(4)
Fixed assets and other disposals	2	(1)
Tax charge on profit on sale of land	(1)	(28)
Tax charge on disposal of other fixed assets	3	1
<b>Headline earnings</b>	<b>891</b>	<b>806</b>
Headline earnings per share (cents)		
Basic	838,9	760,5
Diluted	819,4	739,6



## 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 was 106 208 909 (2011: 105 986 145). In respect of diluted earnings per share the weighted average number of shares is 108 738 956 (2011: 108 983 882).

## 24. DIVIDENDS (Rmillion)

	Consolidated		Company	
	2012	2011	2012	2011
Ordinary share capital				
Final for previous year, paid 21 July 2011: 140 cents (2011: 175 cents)	147	69	147	69
Interim for current period, paid 26 January 2012: 120 cents (2011: 110 cents)	126	115	126	115
B ordinary share capital				
Final for previous year, paid 21 July 2011: 140 cents (2011: 175 cents)	14	17	14	17
Interim for current period, paid 26 January 2012: 120 cents (2011: 110 cents)	12	11	12	11
A preferred ordinary share capital				
Interim for current period, paid 30 June 2011: 203 cents (30 June 2010: 203 cents)	51	51	51	51
Final for current period, paid 31 December 2011: 203 cents (31 December 2010: 203 cents)	51	51	51	51
Accrued for three months to 31 March 2012: 223 cents (2011: 203 cents)	28	25	28	25
	<b>429</b>	<b>339</b>	<b>429</b>	<b>339</b>
Less dividends relating to BEE treasury shares	<b>(150)</b>	<b>(148)</b>	<b>(19)</b>	<b>(21)</b>
	<b>279</b>	<b>191</b>	<b>410</b>	<b>318</b>

The final ordinary dividend for the year ended 31 March 2012 of 170 cents per share declared on 24 May 2012 and payable on 19 July 2012 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	
	2012	2011	2012	2011
Financial assets				
Derivative instruments in designated hedge accounting relationships	4	11	4	11
Unlisted shares at cost	12	7		
Loans and receivables at amortised cost	2 683	1 947	851	820
	<b>2 699</b>	<b>1 965</b>	<b>855</b>	<b>831</b>
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	1	2	1	2
Financial liabilities at amortised cost	6 905	6 120	5 440	4 456
Non-recourse equity-settled BEE borrowings	737	761		
	<b>7 643</b>	<b>6 883</b>	<b>5 441</b>	<b>4 458</b>

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 previous years.

### Capital risk management

Tongaat Hulett's overall strategy around capital structure remains unchanged from previous years and is continually reviewed in budgeting and business planning processes. 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 (long-term and short-term bank debt and bonds issued in the debt capital market), cash and cash equivalents and equity.

### 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	
	2012	2011	2012	2011
Less than 1 month	44	32	20	21
Between 1 to 2 months	12	16	4	6
Between 2 to 3 months	8	5	1	3
Greater than 3 months	353	320	2	2
Total past due	417	373	27	32

### 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	17	18	6	7
Consolidation of subsidiaries		1		
Currency alignment	2	(1)		
Amounts written off during the year	(1)	(1)		
Increase/(decrease) in allowance recognised in profit or loss	2		(1)	(1)
Balance at end of year	20	17	5	6

### Foreign currency risk

In the normal course of business, Tongaat Hulett enters into transactions denominated in foreign currencies. As a result, Tongaat Hulett is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. A variety of instruments 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. The fair value of the forward exchange contracts were established by reference to quoted prices and are categorised as Level 1 under the fair value hierarchy.

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

	Consolidated				Company			
	Average contract rate	Commitment (Rmillion)	Fair value of FEC (Rmillion)	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	Fair value of FEC (Rmillion)	Fair value of FEC (Rmillion)
<b>Imports</b>								
US dollar	8,12	12		(1)	8,12	12		(1)
<b>Exports</b>								
US dollar	7,93	273	2	4	7,93	273	2	4
Net total		285	2	3		285	2	3

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 date of the statement of financial position.

# Notes to the Financial Statements CONTINUED

## 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)	2012 Fair value of FEC (Rmillion)	2011 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	2012 Fair value of FEC (Rmillion)	2011 Fair value of FEC (Rmillion)
<b>Imports</b>								
US dollar	7,57	12			7,57	12		
UK pound	12,87	1			12,87	1		
		<u>13</u>				<u>13</u>		
<b>Exports</b>								
US dollar				5				5
Net total		<u>13</u>		<u>5</u>		<u>13</u>		<u>5</u>

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)	2012 (Rmillion)	2011 (Rmillion)	Foreign amount (million)	2012 (Rmillion)	2011 (Rmillion)
US dollar	1	10	22	1	8	20
Australian dollar	5	43	36	5	43	36
New Zealand dollar		2				
		<u>55</u>	<u>58</u>		<u>51</u>	<u>56</u>

The impact of a 10% strengthening or weakening of the Rand on the uncovered Australian dollar receivable will have a R4 million (2011: R4 million) impact on profit before tax and a R3 million (2011: R3 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered US dollar receivable will have a R1 million (2011: R2 million) impact on profit before tax and a R1 million (2011: R1 million) impact on equity.

### Commodity price risk

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

Tongaat Hulett Starch has secured its maize requirements for the current maize season to 31 May 2012 and a significant portion of its requirements for the period to 31 May 2013 by using a combination of unpriced procurement contracts and purchases and sales of maize futures.

The fair value of the commodity futures contracts, which are set out below, were established by reference to quoted prices and are categorised as Level 1 under the fair value hierarchy.

	Consolidated				Company			
	Tons	Contract value (Rmillion)	2012 Fair value (Rmillion)	2011 Fair value (Rmillion)	Tons	Contract value (Rmillion)	2012 Fair value (Rmillion)	2011 Fair value (Rmillion)
<b>Futures - hedge accounted:</b>								
Maize futures sold	14 500	31	2	2	14 500	31	2	2
Maize futures purchased	58 200	123	(1)	(1)	58 200	123	(1)	(1)
			<u>1</u>	<u>1</u>			<u>1</u>	<u>1</u>
Period when cash flow expected to occur			2012/13	2011/12			2012/13	2011/12
When expected to affect profit			2012/13	2011/12			2012/13	2011/12
Amount recognised in equity during the year			1	3			1	3
Amount transferred from equity and recognised in profit or loss			3	6			3	6

## 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 R26 million (2011: R22 million) effect on profit before tax and a R19 million (2011: R16 million) impact on equity.

### Liquidity risk

Tongaat Hulett manages its liquidity risk by monitoring forecast cash flows on a weekly basis. There are unutilised established banking facilities of some R2 billion (2011: R1,5 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:

Consolidated	Weighted average effective interest rate (%)	Due within 1 year	1 to 2 years	2 to 5 years	After 5 years	Interest adjustment	Total
<b>2012</b>							
Bank loans	7,0	3 259	210	1 203	401	(724)	4 349
Foreign loans	10,0	346	60	179	181	(157)	609
Other borrowings	6,8	185				(6)	179
Financial lease liability	5,1	6	1	1		(1)	7
Other non-interest bearing liabilities		1 747			14		1 761
Net settled derivatives		1					1
Total for Tongaat Hulett		5 544	271	1 383	596	(888)	6 906
Non-recourse equity-settled BEE borrowings		87	87	732		(169)	737
Total including SPV debt		5 631	358	2 115	596	(1 057)	7 643
<b>2011</b>							
Bank loans	7,3	2 492	208	1 017		(455)	3 262
Foreign loans	9,8	645	43	127	219	(62)	972
Other borrowings	8,5	197				(8)	189
Financial lease liability	4,8	8	5	1		(1)	13
Other non-interest bearing liabilities		1 677	1		5		1 683
Net settled derivatives		2					2
Total for Tongaat Hulett		5 021	257	1 145	224	(526)	6 121
Non-recourse equity-settled BEE borrowings		84	80	746		(149)	761
Total including SPV debt		5 105	337	1 891	224	(675)	6 882

# Notes to the Financial Statements CONTINUED

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

	2012	Interest of Holding Company		
		Equity	Indebtedness	
		2011	2012	2011
Tongaat Hulett Starch (Pty) Limited	15	15	36	27
Tongaat Hulett Developments (Pty) Limited			(269)	(434)
Tongaat Hulett Estates (Pty) Limited				
Tongaat Hulett Sugar Limited	4 328	4 634	440	(317)
Tambankulu Estates Limited (Swaziland)				
Tongaat Hulett Acucareira de Mocambique, SA (Mozambique) (85%)				
Tongaat Hulett Acucareira de Xinavane, SA (Mozambique) (88%)				
Tongaat Hulett Acucar Limitada (Mozambique)				
Triangle Sugar Corporation Limited (Zimbabwe)				
Hippo Valley Estates Limited (Zimbabwe) (50,3%)				
The Tongaat Group Limited	54	54	(59)	(62)
	<b>4 397</b>	<b>4 703</b>	<b>148</b>	<b>(786)</b>

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. SUBSIDIARIES CONSOLIDATED (Rmillion)

	Consolidated	
	2012	2011
Details of Namibian subsidiaries consolidated during the year ended 31 March 2011 and their cash flow effects are summarised below.		
Property, plant, equipment and investments		3
Inventories		39
Trade and other receivables		22
Trade and other payables		(47)
Deferred tax		1
Borrowings		(18)
Minority interest		(1)
Net assets consolidated		(1)
Goodwill arising on consolidation		8
Investment in subsidiaries	-	7

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

	Consolidated		Company	
	2012	2011	2012	2011
Guarantees in respect of obligations of Tongaat Hulett and third parties	14	23	7	2
Contingent liabilities	10	12	10	12
	<b>24</b>	<b>35</b>	<b>17</b>	<b>14</b>

**29. LEASES (Rmillion)**

	Consolidated		Company	
	2012	2011	2012	2011
<b>Amounts payable under finance leases</b>				
Minimum lease payments due:				
Not later than one year	6	8	1	1
Later than one year and not later than five years	1	6	1	1
	<b>7</b>	<b>14</b>	<b>2</b>	<b>2</b>
Less: future finance charges		(1)		
Present value of lease obligations	<b>7</b>	<b>13</b>	<b>2</b>	<b>2</b>
Payable:				
Not later than one year	6	7	1	1
Later than one year and not later than five years	1	6	1	1
	<b>7</b>	<b>13</b>	<b>2</b>	<b>2</b>
<b>Operating lease commitments, amounts due:</b>				
Not later than one year	36	18	32	16
Later than one year and not later than five years	59	24	50	10
	<b>95</b>	<b>42</b>	<b>82</b>	<b>26</b>
In respect of:				
Property	78	28	68	15
Plant and machinery	9	8	9	8
Other	8	6	5	3
	<b>95</b>	<b>42</b>	<b>82</b>	<b>26</b>

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

	Consolidated		Company	
	2012	2011	2012	2011
Contracted	132	134	56	33
Approved but not contracted	210	51	114	37
	<b>342</b>	<b>185</b>	<b>170</b>	<b>70</b>

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

# Notes to the Financial Statements CONTINUED

## 31. 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	
	2012	2011	2012	2011
Goods and services:				
Transacted between operating entities within the company			1	3
Between the company and its subsidiaries			588	519
Transacted between subsidiaries within Tongaat Hulett	<b>400</b>	322		
Tongaat-Hulett Pension Fund contribution cost	<b>55</b>	56	53	49
Administration fees and other income:				
Transacted between operating entities within the company			9	9
Between the company and its subsidiaries			55	40
Transacted between subsidiaries within Tongaat Hulett	<b>109</b>	129		
Transacted with/between joint ventures within Tongaat Hulett	<b>4</b>	1		
Paid to external related parties	<b>4</b>	4		
Interest paid:				
Transacted between operating entities within the company			12	21
Between the company and its subsidiaries			42	9
Transacted with/between joint ventures within Tongaat Hulett	<b>2</b>	2		
Interest received:				
Transacted between operating entities within the company			391	379
Between the company and its subsidiaries			2	5
Transacted between subsidiaries within Tongaat Hulett	<b>50</b>	99		
Transacted with/between joint ventures within Tongaat Hulett	<b>1</b>	1		
Sales of fixed assets:				
Between the company and its subsidiaries			110	
Loan balances:				
Transacted between operating entities within the company			5 606	4 489
Between the company and its subsidiaries			148	786
Pension Fund Loan - Employer Surplus Account	<b>96</b>	97	96	97
Dividends received:				
Between the company and its subsidiaries			81	105
Transacted between subsidiaries within Tongaat Hulett	<b>75</b>	100		

Other related party information:

Total dividends paid to the holding company and other shareholders - refer to note 24

Directors - refer to notes 33 and 34

Tongaat Hulett Developments is a guarantor on Tongaat Hulett Limited's South African long-term unsecured loan facility



## 32. 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 Benefit Pension Scheme

There is a defined benefit scheme in South Africa for employees that previously covered The Tongaat-Hulett Group Limited and in 2010/11 covered Tongaat Hulett and Hulamin. This scheme is actuarially valued at intervals of not more than three years using the projected unit credit method.

An actuarial valuation of liabilities, based on the existing benefits, carried out as at 31 March 2012 in accordance with IAS 19, showed the present value of the obligations to be adequately covered by the fair value of the scheme assets.

The IFRS standard IAS 19 requires that the employer recognise on its statement of financial position the relevant “defined benefit asset” relating to the accounting surplus, with a corresponding increase in earnings at the time of recognition. The details of the accounting standards on this matter are contained in IAS 19, IFRIC 14 and AC 504. Where an asset is to be recognised, IAS 19 limits the amount that should be recognised. IFRIC 14, updated in January 2010, provides guidance on this matter. AC 504, issued in October 2010, provides guidance on the application of IFRIC 14.

The application of these standards confirm the recognition of the amounts previously allocated to the Tongaat Hulett Employer Surplus Account in the Fund and recognised in Tongaat Hulett’s financial statements. The employer surplus account is being utilised for a contribution holiday and, within the regulatory framework, there is a “loan” from the pension fund to the company in respect of the employer surplus account.

A further accounting recognition was required in terms of IFRIC 14 and AC 504 for the 2010/11 financial year. These standards specify the criteria to be used in determining the amount to be recognized, which represents the difference between the estimated future IAS 19 service cost / contribution rate and the actual actuarially determined contribution rate over a relevant period. The results of the valuation at 31 March 2012 show no change from the amount of R288 million that was recognised in profit at 31 March 2011 in respect of this “defined benefit pension fund asset”, being a gross asset amount of R294 million less R6 million as a provision in respect of amounts payable to third parties in due course. The period for this valuation was 11 years (2011: 12 years). If the period used were to vary by 3 years, then the value of the asset would change by approximately R35 million (2011: R30 million), either way.

	2012 Rmillion	2011 Rmillion
<b>Details of the IAS 19 valuation of the DB Fund (South Africa):</b>		
<b>Fair value of fund assets</b>		
Balance at beginning of year	4 662	4 632
Expected return on scheme assets	416	101
Contributions by plan members	29	
Benefits paid	(205)	(42)
Actuarial gain / (loss)	174	(29)
Balance at end of year	<u>5 076</u>	<u>4 662</u>
<b>Present value of defined benefit obligation</b>		
Balance at beginning of year	3 519	3 480
Current service cost	91	23
Interest cost	321	76
Contributions by plan members	29	
Benefits paid	(205)	(42)
Actuarial loss	39	(18)
Balance at end of year	<u>3 794</u>	<u>3 519</u>

# Notes to the Financial Statements CONTINUED

## 32. RETIREMENT BENEFITS continued

	2012 Rmillion	2011 Rmillion
<b>Details of the IAS 19 valuation of the DB Fund (South Africa) continued:</b>		
<b>Fund assets less member liabilities</b>	<b>1 282</b>	<b>1 143</b>
Employer surplus account	(175)	(216)
	<b>1 107</b>	<b>927</b>
Defined benefit pension fund asset	(296)	(296)
Asset restriction	<b>811</b>	<b>631</b>
<b>Amounts included in the company's statement of financial position:</b>		
<b>Non-current assets:</b>		
Defined benefit pension fund asset	<b>296</b>	<b>296</b>
Unrecognised actuarial gains	(2)	(2)
	<b>294</b>	<b>294</b>
Employer surplus account	<b>175</b>	<b>216</b>
Less current portion included in accounts receivable	(60)	(81)
	<b>115</b>	<b>135</b>
<b>Current assets:</b>		
Employer surplus account	<b>60</b>	<b>81</b>
<b>Total amount included in the company's statement of financial position</b>	<b>469</b>	<b>510</b>
<b>The net asset is reconciled as follows:</b>		
Balance at beginning of year	<b>510</b>	<b>517</b>
Net expense recognised in profit or loss	(41)	(7)
Balance at end of year	<b>469</b>	<b>510</b>
<b>Amounts recognised in profit or loss:</b>		
	<b>12 months</b>	<b>3 months*</b>
Service costs	<b>91</b>	<b>23</b>
Interest costs	<b>321</b>	<b>76</b>
Expected return on scheme assets	<b>(416)</b>	<b>(101)</b>
Net actuarial losses recognised	<b>45</b>	<b>9</b>
Net expense in respect of defined benefit accounting	<b>41</b>	<b>7</b>
Employer surplus account recognition		<b>130</b>
Defined benefit pension fund asset recognition		<b>288</b>

\*3 months from 1 January 2011 to 31 March 2011 following the FSB approvals and clarity obtained in December 2010.

## 32. RETIREMENT BENEFITS continued

### Details of the IAS 19 valuation of the DB Fund (South Africa) continued:

Asset information	2012 Rmillion	2011 Rmillion
Equities	3 046	2 844
Fixed interest bonds	1 015	793
Property	102	93
Cash and other	913	932
	<b>5 076</b>	<b>4 662</b>
Included in the assets of the scheme are ordinary shares held in Tongaat Hulett Limited, stated at fair value	105	142
Actual return on scheme assets	590	72
<b>The principal actuarial assumptions are:</b>		
Discount rate	<b>8,90%</b>	9,10%
Salary cost and pension increase	<b>6,25%</b>	6,25%
Expected rate of return on assets	<b>8,90%</b>	9,10%
<b>Experience gains/(losses) on:</b>		
Plan liabilities:	<b>55</b>	28
Percentage of the present value of the plan liabilities	<b>1,4%</b>	0,8%
Plan assets:	<b>174</b>	(29)
Percentage of plan assets	<b>3,4%</b>	(0,6%)

### Estimated contributions payable in the next financial year

With the benefit of the contribution holiday, there will be no cash contributions payable in the next financial year. This benefit amounts to R60 million (2011: R55 million) for the next financial year.

### 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.

## OTHER RETIREMENT BENEFIT SCHEMES

### Defined Contribution Pension and Provident Schemes

The latest audited financial statements of the defined contribution schemes, including the scheme in Swaziland, reflect a satisfactory state of affairs. Contributions of R29 million were expensed during the year (2011 - R28 million).

### Zimbabwe Pension Funds

The post-retirement benefit provisions for the Zimbabwe operations at 31 March 2012 amount to R219 million (2011: R185 million), including the post-retirement medical aid and the retirement gratuity provisions.

## 32. RETIREMENT BENEFITS continued

### Post-Retirement Medical Aid Benefits

In the South African operations, 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 Zimbabwe operations provide post-retirement benefits for pensioners and current employees. In Mozambique, Acucareira de Xinavane subsidises the medical contributions in respect of its pensioners.

The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:

	Consolidated		Company	
	2012	2011	2012	2011
	Rmillion	Rmillion	Rmillion	Rmillion
<b>Amounts recognised in the statement of financial position:</b>				
Present value of unfunded obligations	391	361	335	314
Unrecognised actuarial losses	(34)	(38)	(61)	(60)
Net liability in the statement of financial position	357	323	274	254
<b>The liability is reconciled as follows:</b>				
Net liability at beginning of year	323	304	254	236
Currency alignment	9	(6)		
Net expense recognised in income statement	49	47	42	38
Contributions	(24)	(22)	(22)	(20)
Net liability at end of year	357	323	274	254
<b>Amounts recognised in the income statement:</b>				
Service costs	5	6	3	3
Interest costs	36	34	28	25
Net actuarial losses recognised	8	7	11	10
	49	47	42	38
<b>The principal actuarial assumptions applied are:</b>				
<b>Discount rate</b>				
South Africa	8,90%	9,10%	8,90%	9,10%
Mozambique	8,00%	9,25%		
Zimbabwe	8,00%	15,00%		
<b>Health care cost inflation rate</b>				
South Africa	7,00%	7,00%	7,00%	7,00%
Mozambique	6,00%	6,25%		
Zimbabwe	6,50%	13,50%		
<b>Sensitivity of healthcare cost trend rates:</b>				
1% increase in trend rate - effect on the aggregate of the service and interest costs	2	1	1	1
1% increase in trend rate - effect on the obligation	50	43	38	36
1% decrease in trend rate - effect on the aggregate of the service and interest costs	1	1		
1% decrease in trend rate - effect on the obligation	42	35	32	30
<b>Estimated contributions payable in the next financial year</b>	26	24	23	22
<b>Experience gains / (losses):</b>				
On plan liabilities	(3)	4	(4)	(5)
Percentage of the present value of the plan liabilities	(0,8%)	1,1%	(1,2%)	(1,6%)

## 32. RETIREMENT BENEFITS continued

### 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 benefit is applicable to employees in the South African and Zimbabwean operations. The unfunded liability for retirement gratuities which is determined actuarially each year comprises:

	Consolidated		Company	
	2012 Rmillion	2011 Rmillion	2012 Rmillion	2011 Rmillion
<b>Amounts recognised in the statement of financial position:</b>				
Present value of unfunded obligations	124	107	88	80
Unrecognised actuarial losses	(8)	(10)	(11)	(12)
Net liability in the statement of financial position	<b>116</b>	97	77	68
<b>The liability is reconciled as follows:</b>				
Net liability at beginning of year	97	145	68	61
Currency alignment	4	(4)		
Net expense recognised in income statement	20	(39)	14	11
Payments made	(5)	(5)	(5)	(4)
Net liability at end of year	<b>116</b>	97	77	68
<b>Amounts recognised in the income statement:</b>				
Service costs	7	6	5	4
Interest costs	12	10	7	6
Net actuarial losses recognised	1	1	2	1
Reduction of provision		(56)		
	<b>20</b>	(39)	14	11
<b>The principal actuarial assumptions applied are:</b>				
<b>Discount rate</b>				
South Africa	8,90%	9,10%	8,90%	9,10%
Zimbabwe	8,00%	15,00%		
<b>Salary inflation rate</b>				
South Africa	7,00%	7,00%	7,00%	7,00%
Zimbabwe	6,00%	12,50%		
Estimated contributions payable in the next financial year	15	8	9	5
<b>Experience losses:</b>				
On plan liabilities	2	(1)	1	(4)
Percentage of the present value of the plan liabilities	1,6%	(0,9%)	1,1%	(5,0%)

# Notes to the Financial Statements CONTINUED

## 33. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS (R000)

### Executive Directors' Remuneration (R000)

Name	12 months to 31 March 2012				12 months to 31 March 2011			
	Cash Package	Cash Bonus*	Retirement and medical contributions	Total	Cash Package	Cash Bonus*	Retirement and medical contributions	Total
B G Dunlop	3 466	2 059	390	5 915	3 209	1 053	361	4 623
M H Munro	3 363	2 034	392	5 789	3 018	1 087	354	4 459
P H Staude	6 381	4 869	679	11 929	5 775	2 599	615	8 989
	<b>13 210</b>	<b>8 962</b>	<b>1 461</b>	<b>23 633</b>	<b>12 002</b>	<b>4 739</b>	<b>1 330</b>	<b>18 071</b>

Executive directors' share incentive gains:

	<b>2012</b>	<b>2011</b>
B G Dunlop	737	807
M H Munro	1 941	837
P H Staude	2 188	7 919
	<b>4 866</b>	<b>9 563</b>

The requirement to include prescribed officers is covered by the above executive directors as they exercise effective management and control.

### Remuneration of the three highest paid executives, other than directors

	2012	2011
Average of the three executives:		
Cash package	3 112	2 857
Bonus*	1 680	884
Retirement and medical contributions	392	360
	<b>5 184</b>	<b>4 101</b>
Share incentive gains	<b>2 559</b>	<b>1 689</b>

\*Bonuses are reported to match the amount payable to the applicable financial period.

### 33. DIRECTORS' EMOLUMENTS AND INTERESTS (R000) continued

#### Directors' remuneration continued

Name	Fees	2012 Other	Total	Fees	2011 Other	Total
Non-executive directors:						
F Jakoet	255	201	456	223	206	429
J John	255	253	508	223	229	452
R P Kupara	255	131	386	223		223
J B Magwaza	901	100	1 001	801	79	880
A A Maleiane	236		236	223		223
T N Mgoduso	255	103	358	173	27	200
M Mia	255	326	581	223	272	495
N Mjoli-Mncube	255	274	529	204	261	465
S G Pretorius (from 3 August 2011)	168		168			
C B Sibisi	255	87	342	223	92	315
R H J Stevens (to 29 July 2011)	67		67	204		204
Directors who retired/resigned during the year				241		241
	<b>3 157</b>	<b>1 475</b>	<b>4 632</b>	2 961	1 166	4 127

#### 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 March 2012.

#### Interest of directors of the company in share capital

The aggregate holdings as at 31 March 2012 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are direct and beneficial except where indicated otherwise.

Name	2012	2011
Executive directors:		
B G Dunlop	57 369	49 646
M H Munro	46 358	38 847
P H Staude	199 682	175 957
	<b>303 409</b>	264 450
Non-executive directors:		
F Jakoet	5 000	
J B Magwaza	12 111	12 111
Directors who resigned during the year		600
	<b>17 111</b>	12 711

## 34. 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 Share Appreciation Right Scheme 2005 (SARS), the Long Term Incentive Plan 2005 (LTIP), the Deferred Bonus Plan 2005 (DBP) and the Long Term Incentive Plan 2005 - Retention Awards.

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

As a result of the unbundling of Hulamín, 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 Hulamín 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 the SARS grants of 2005 and 2006 and the original share options for its own employees 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 Hulamín component will be determined with reference to the Hulamín share price, and the Tongaat Hulett component with respect to the Tongaat Hulett share price, however, benefits arising from the Hulamín 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 Hulamín were apportioned into a Tongaat Hulett component (Tongaát Hulett) and a Hulamín component (Hulamín), as detailed in the 2007 Annual Report.

Expiring ten years from	Option price (Rand) Apportioned		Number of options at 31 March 2011		Options exercised 2010/11 Tongaát Hulett	Options lapsed/forfeited 2010/11		Number of options at 31 March 2012	
	Tongaát Hulett	Hulamín	Tongaát Hulett	Hulamín		Tongaát Hulett	Hulamín	Tongaát Hulett	Hulamín
16 May 2001	30,55	9,45	45 000	86 700	45 000		86 700		
15 August 2001	32,08	9,92		3 500			3 500		
13 May 2002	37,88	11,72	98 400	177 200	61 500			36 900	177 200
14 April 2003	24,37	7,53	71 994	144 900	4 000		800	67 994	144 100
1 October 2003	26,35	8,15	30 000	30 000				30 000	30 000
21 April 2004	35,90	11,10	222 900	394 400	18 500		500 2 300	203 900	392 100
			468 294	836 700	129 000		500 93 300	338 794	743 400

The weighted average fair value costing of the combined Tongaat Hulett and Hulamín 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 (2011 - R11,14 and R16,06).

No awards have been made since 21 April 2004 under the original share option schemes, which were replaced by share schemes based on equity settled share appreciation rights, conditional shares, and a deferred annual bonus plan.

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

Exercise price	The exercise price is the share price at grant date, as noted above, allocated between Tongaat Hulett and Hulamín.
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	Tongaát Hulett component: R32,96 (2011: R33,42) and Hulamín component R10,44 (2011: R10,33)
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	19 months (2011: 28 months)
- Contractual	120 months



### 34. 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 Hulammin were apportioned into a Tongaat Hulett component and a Hulammin component, as detailed in the 2007 Annual Report.

Expiring seven years from	Grant price (Rand) Apportioned		Number of rights at 31 March 2011		Rights granted in 2011/12		Rights exercised in 2011/12		Rights forfeited in 2011/12		Number of rights at 31 March 2012	
	Tongaat Hulett	Hulammin	Tongaat Hulett	Hulammin	Tongaat Hulett		Tongaat Hulett		Tongaat Hulett	Hulammin	Tongaat Hulett	Hulammin
10 May 2005	43,98	13,60	314 800	636 979			285 820			3 909	28 980	633 070
22 April 2006	73,39	22,70	544 509	800 829			40 312			3 867	504 197	796 962
20 August 2007	88,84		948 372				48 710				899 662	
25 April 2008	92,74		1 230 193				97 278		3 752		1 129 163	
22 May 2009	75,06		1 508 623						4 436		1 504 187	
31 May 2010	97,49		1 238 759						8 297		1 230 462	
31 May 2011	90,42				1 480 199				4 658		1 475 541	
			5 785 256	1 437 808	1 480 199		472 120		21 143	7 776	6 772 192	1 430 032

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:

Exercise price	The share price at grant date, as noted above.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2011 award: 7,95% (2010 award: 7,71%, 2009 award: 7,66%, 2008 award: 8,75%, 2007 award: 8,19%, 2006 award: 7,22%, 2005 award: 8,09%).
Expected volatility	Expected volatility of 30% (2010: 26,78%, 2009: 28% and 2008 and 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 2,75% was used for the 2011 award (2010 award: 2,5%, 2009 award: 3,5%, 2008 and 2007 award: 3,44%, 2006 award: 4,00%, 2005 award: 3,92%).
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 not allowed from the 2010 award onwards.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Estimated fair value per right at grant date	2011 award: R17,50, (2010 award: R20,00, 2009 award: R12,54, 2008 award: R16,93, 2007 award: R15,97, the combined TH and Hulammin components: 2006 award: R18,11 and 2005 award: R13,88).
Weighted average remaining life:	
- Expected	2011 award: 72 months (2010 award: 62 months, 2009 award: 50 months, 2008 award: 37 months, 2007 award: 29 months, 2006 award: 13 months, 2005 award: 1 month).
- Contractual	84 months.

## 34. 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.

Expiring three years from	Issue price (Rand)	Number of conditional awards at 31 March 2011	Conditional awards granted in 2011/12	Conditional awards settled in 2011/12	Conditional awards lapsed/ forfeited in 2011/12	Number of conditional awards at 31 March 2012
25 April 2008	92,74	117 483		41 122	76 361	
22 May 2009	75,06	151 739				151 739
31 May 2010	97,49	171 916				171 916
31 May 2011	90,42		202 238			202 238
		441 138	202 238	41 122	76 361	525 893

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:

Exercise price	The share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
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 2,75% was used for the 2011 award (2010 award: 2,5%, 2009 award: 3,5% and 2008 award: 3,56%).
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	2011 award: R40,54 (2010 award: R46,55, 2009 award: R40,76 and 2008 award: R56,82).
Weighted average remaining life:	
- Expected	2011 award: 26 months (2010 award: 14 months and 2009 award : 2 months).
- Contractual	36 months.

### 34. 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 - Retention Awards

Under the long term incentive plan, participating employees are granted conditional awards which are converted into shares after service period is completed.

Expiring four years from	Issue price (Rand)	Number of conditional awards at 31 March 2011	Conditional awards granted in 2011/12	Number of conditional awards at 31 March 2012
31 May 2011	90,42		13 200	13 200
14 November 2011	94,26		20 000	20 000
28 November 2011	90,86		20 000	20 000
			53 200	53 200

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

Exercise price	The share price at grant date, as noted above.
Expected option life	46 months (assume contractual plus a leaving percentage of 5%) for May 2011 awards and 48 months (assume contractual plus a leaving percentage of 0%) for November 2011 awards.
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 2,75% was used for the 2011 award.
Weighted average share price	As above.
Time constraints	Four 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 conditional award at grant date	31 May 2011 award: R65,87; 14 November 2011 award: R84,31 and 28 November 2011 award: R81,27.
Weighted average remaining life:	
- Expected	31 May 2011 award: 36 months, 14 November 2011 award: 43 months and 28 November 2011 award: 44 months.
- Contractual	48 months.

## 34. 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 March 2011	Conditional awards granted in 2011/12	Conditional awards settled in 2011/12	Number of conditional awards at 31 March 2012
2 March 2009	74,72	46 586		46 586	
3 March 2010	97,32	39 651			39 651
4 June 2010	100,40	10 768			10 768
30 May 2011	93,35		37 885		37 885
			97 005	37 885	46 586
					88 304

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.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
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. A continuous dividend yield of 2,75% was used for the 2011 award (2010 award: 2,5%, 2009 award: 3,5% and 2008 award: 3,56%).
Weighted average share price	As above.
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	2011 award: R71,30 (June 2010 award: R81,18, March 2010 award: R81,75 and 2009 award: R60,69).
Weighted average remaining life:	
- Expected	2011 award: 26 months (June 2010 award: 14 months, March 2010 award: 11 months).
- Contractual	36 months.

The deferred bonus shares were purchased by the participating employees on 30 May 2011 in respect of the 2011 award. (2010 awards: purchased 4 June 2010 and 3 March 2010 and 2009 award: purchased 2 March 2009).

### 34. 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.

Name	Expiring ten years from	Option price (Rand) Apportioned		Number of options at 31 March 2011		Options lapsed/ forfeited in 2011/12 Hulamin	Number of options at 31 March 2012	
		Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin		Tongaat Hulett	Hulamin
<b>Executive directors:</b>								
B G Dunlop	21 April 2004	35,90	11,10		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
	21 April 2004	35,90	11,10		28 000			28 000
					45 000			45 000
<b>Non-executive director: *</b>								
J B Magwaza	16 May 2001	30,55	9,45		6 000	6 000		
	13 May 2002	37,88	11,72		6 000			6 000
					12 000	6 000		6 000
Total				66 900	125 000	6 000	66 900	119 000

\* The non-executive director's share options were awarded when he was an executive director more than nine years ago.

# Notes to the Financial Statements CONTINUED

## 34. 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 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 seven years from	Grant price (Rand) Apportioned		Number of rights at 31 March 2011		Rights granted in 2011/12		Rights exercised in 2011/12		Number of rights at 31 March 2012		Rights time constrained Tongaat Hulett
		Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulett	Tongaat Hulett	Hulett	Tongaat Hulett	Hulamin	
B G Dunlop	10 May 2005	43,98	13,60		40 597						40 597	
	22 April 2006	73,39	22,70	23 737	23 737				23 737	23 737		
	20 August 2007	88,84		25 382					25 382			
	25 April 2008	92,74		27 276					27 276			
	22 May 2009	75,06		32 736					32 736			32 736
	31 May 2010	97,49		25 698					25 698			25 698
	31 May 2011	90,42				29 552			29 552			29 552
				134 829	64 334	29 552			164 381	64 334		87 986
M H Munro	10 May 2005	43,98	13,60	21 185	21 185			21 185		21 185		
	22 April 2006	73,39	22,70	20 472	20 472				20 472	20 472		
	20 August 2007	88,84		23 830					23 830			
	25 April 2008	92,74		25 807					25 807			
	22 May 2009	75,06		30 857					30 857			30 857
	31 May 2010	97,49		23 638					23 638			23 638
	31 May 2011	90,42				28 669			28 669			28 669
				145 789	41 657	28 669	21 185		153 273	41 657		83 164
P H Staude	10 May 2005	43,98	13,60		92 810						92 810	
	22 April 2006	73,39	22,70	62 082	62 082				62 082	62 082		
	20 August 2007	88,84		71 073					71 073			
	25 April 2008	92,74		75 720					75 720			
	22 May 2009	75,06		91 120					91 120			91 120
	31 May 2010	97,49		74 289					74 289			74 289
	31 May 2011	90,42				87 397			87 397			87 397
				374 284	154 892	87 397			461 681	154 892		252 806

#### Long Term Incentive Plan 2005

Name of executive director	Expiring three years from	Original Issue price (Rand)	Number of conditional awards at 31 March 2011	Conditional awards granted in 2011/12	Conditional awards settled in 2011/12	Conditional awards lapsed in 2011/12	Number of conditional awards at 31 March 2012	Conditional awards time constrained
B G Dunlop	25 April 2008	92,74	7 592		2 657	4 935		
	22 May 2009	75,06	9 421				9 421	9 421
	31 May 2010	97,49	10 160				10 160	10 160
	31 May 2011	90,42		11 734			11 734	11 734
			27 173	11 734	2 657	4 935	31 315	31 315
M H Munro	25 April 2008	92,74	7 181		2 513	4 668		
	22 May 2009	75,06	8 880				8 880	8 880
	31 May 2010	97,49	9 345				9 345	9 345
	31 May 2011	90,42		11 384			11 384	11 384
			25 406	11 384	2 513	4 668	29 609	29 609
P H Staude	25 April 2008	92,74	21 142		7 400	13 742		
	22 May 2009	75,06	26 316				26 316	26 316
	31 May 2010	97,49	29 475				29 475	29 475
	31 May 2011	90,42		34 829			34 829	34 829
			76 933	34 829	7 400	13 742	90 620	90 620

### 34. 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 March 2011	Conditional awards granted in 2011/12	Conditional awards delivered in 2011/12	Number of conditional awards at 31 March 2012	Conditional awards time constrained
B G Dunlop	2 March 2009	74,72	4 620		4 620		
	3 March 2010	97,32	3 838			3 838	3 838
	4 June 2010	100,40	1 031			1 031	1 031
	30 May 2011	93,35		3 383		3 383	3 383
			9 489	3 383	4 620	8 252	8 252
M H Munro	2 March 2009	74,72	4 227		4 227		
	3 March 2010	97,32	3 609			3 609	3 609
	4 June 2010	100,40	979			979	979
	30 May 2011	93,35		3 492		3 492	3 492
			8 815	3 492	4 227	8 080	8 080
P H Staude	2 March 2009	74,72	14 171		14 171		
	3 March 2010	97,32	11 959			11 959	11 959
	4 June 2010	100,40	3 272			3 272	3 272
	30 May 2011	93,35		10 856		10 856	10 856
			29 402	10 856	14 171	26 087	26 087

The deferred bonus shares were purchased by the participating employees on 30 May 2011 in respect of the 2011 award. (2010 awards: purchased 4 June 2010 and 3 March 2010 and 2009 awards: purchased 2 March 2009).

The share awards were made and exercised at various times and the average share price for the period was R95,46 (2011 : R103,09).

The gains made by directors are reflected in note 33 under Directors' and Prescribed Officers' Emoluments and Interests.

## 35. 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 ESOP Trust and the MSOP Trust (refer note 3). Due to these shares having specific repurchase rights at maturity (five years from grant), they are a separate class of restricted shares which, other than for the repurchase terms, rank paripassu with ordinary shares and become ordinary shares on repurchase.

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

- The grant price of the shares allocated , plus the value of cash dividends paid to ESOP participants
- 80% of the market value (at the outset) of the shares issued in terms of the share appreciation right component of the MSOP
- Nil 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 March 2011	Balance of rights allocated at 31 March 2011	Rights allocated in 2011/12	Rights forfeited/ (adjustments) in 2011/12	Balance of rights allocated at 31 March 2012
1 August 2007	28,90	5 422 829	3 751 030		158 360	3 592 670
1 February 2008	18,38		149 660		7 190	142 470
1 August 2008	17,92		182 110		(24 400)	206 510
1 February 2009	13,44		148 000		34 110	113 890
1 August 2009	26,88		102 385		5 575	96 810
1 February 2010	24,67		113 730		15 340	98 390
1 August 2010	23,44		54 540		4 890	49 650
1 February 2011	20,74		51 730		4 040	47 690
1 August 2011	9,07			47 910	1 890	46 020
		5 422 829	4 553 185	47 910	206 995	4 394 100



### 35. 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 March 2011	Balance of rights allocated at 31 March 2011	Rights allocated in 2011/12	Number of rights forfeited in 2011/12	Balance of rights allocated at 31 March 2012
1 August 2007	19,80	3 296 657	1 338 050		23 260	1 314 790
1 February 2008	13,93		163 540		8 260	155 280
1 August 2008	14,79		156 490		330	156 160
1 February 2009	10,56		75 260		8 440	66 820
1 August 2009	24,83		68 380		5 330	63 050
1 February 2010	25,14		102 080			102 080
1 August 2010	30,69		61 640			61 640
1 February 2011	34,31		36 250		4 930	31 320
1 August 2011	20,18			110 440		110 440
1 February 2012	30,40			129 540		129 540
		<u>3 296 657</u>	<u>2 001 690</u>	<u>239 980</u>	<u>50 550</u>	<u>2 191 120</u>

#### Management Share Ownership Plan - Share Grant Scheme

Grant date	Estimated fair value per right Rand	Number of shares issued at 31 March 2011	Balance of rights allocated at 31 March 2011	Rights allocated in 2011/12	Number of rights forfeited in 2011/12	Balance of rights allocated at 31 March 2012
1 August 2007	64,00	1 021 422	414 300		7 190	407 110
1 February 2008	54,37		50 660		2 560	48 100
1 August 2008	57,39		48 450		100	48 350
1 February 2009	52,47		23 280		2 620	20 660
1 August 2009	79,10		21 160		1 650	19 510
1 February 2010	82,61		31 610			31 610
1 August 2010	94,68		19 100			19 100
1 February 2011	101,89		11 210		1 520	9 690
1 August 2011	89,35			34 190		34 190
1 February 2012	102,68			40 100		40 100
		<u>1 021 422</u>	<u>619 770</u>	<u>74 290</u>	<u>15 640</u>	<u>678 420</u>

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 2011 award: 5,73% and 1 February 2012 award: 5,56% (1 August 2010 award: 7,29%, 1 February 2011 award: 6,16%, 1 February 2009 award: 7,96%, 1 August 2009 award: 7,97%, 1 February 2010 award: 7,57%, 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 is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years. 1 August 2011 award: 20,93% and 1 February 2012 award: 16,11%, 1 August 2010 award: 23,09%, 1 February 2011 award: 17,61%, 1 February 2009 award: 34,45%, 1 August 2009 award: 29,19%, 1 February 2010 award: 29,47%, 1 August 2008 award: 28,14%, 1 February 2008 award: 28,25% and 1 August 2007 award: 27,00%.
Dividend yield	The dividend yield on valuation date is based on broker forecasts from the financial information vendor, McGregor BFA. 1 August 2011 award: 3,86% and 1 February 2012 award: 2,70% (1 August 2011 award: 4,36%, 1 February 2011 award: 2,82%, 1 February 2009 award: 4,96%, 1 August 2009 award: 3,77%, 1 February 2010 award: 3,93%, 1 August 2008 award: 4,84%, 1 February 2008 award: 4,88% and 1 August 2007 award: 4,60%)
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 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.

# Five Year Review

## FINANCIAL STATISTICS

	12 months to 31 March 2012	12 months to 31 March 2011	15 months to 31 March 2010	12 months to 31 December 2008	12 months to 31 December 2007
<b>TRADING RESULTS (Rmillion)</b>					
Revenue	12 081	9 681	11 136	7 106	6 395
Profit from operations	1 921	1 338	1 691	1 132	838
Other net (expenditure)/income	(43)	268	1 996 <sup>#</sup>	40	3 012 <sup>^</sup>
Operating profit	1 878	1 606	3 687	1 172	3 850
Net financing costs	(507)	(472)	(452)	(280)	(119)
Share of associate company's profit/(loss)	1	(2)	1		
Profit before tax	1 372	1 132	3 236	892	3 731
Tax	(351)	(261)	(208)	(212)	(288)
Minority (non-controlling) interest	(132)	(38)	(130)	(31)	(28)
Discontinued operation - Hulamin unbundling					42
Net profit attributable to shareholders	889	833	2 898	649	3 457
Headline earnings attributable to shareholders	891	806	858	583	61
<b>SOURCE OF CAPITAL (Rmillion)</b>					
Shareholders' interest	6 709	4 800	4 573	3 059	2 735
Minority interests in subsidiaries	1 087	840	870	276	223
Equity	7 796	5 640	5 443	3 335	2 958
Deferred tax	1 663	1 365	1 272	582	673
Borrowings - long and short-term	4 996	4 275	3 180	2 585	1 387
Non-recourse equity-settled BEE borrowings	737	761	787	792	812
Provisions	574	510	546	279	261
Capital employed	15 766	12 551	11 228	7 573	6 091
<b>EMPLOYMENT OF CAPITAL (Rmillion)</b>					
Property, plant, equipment, investments and intangibles	9 363	7 934	7 969	5 032	3 525
Growing crops	3 575	2 608	2 041	742	353
Defined benefit pension fund asset	294	294			
Long-term receivable	115	135		196	203
Inventories, receivables and derivative instruments	3 843	3 170	3 218	3 358	3 150
Cash and cash equivalents	592	350	140	229	396
Total assets	17 782	14 491	13 368	9 557	7 627
Current liabilities (excluding short-term borrowings)	2 016	1 940	2 140	1 984	1 536
	15 766	12 551	11 228	7 573	6 091
<b>RATIOS AND STATISTICS</b>					
<b>EARNINGS</b>					
Headline earnings per share - (cents)	838,9	760,5	826,5	565,6	58,1
Dividends per share - (cents)	290,0	250,0	275,0	310,0	310,0
Dividend cover - (times)	2,9	3,0	3,0	1,8	0,2
<b>PROFITABILITY</b>					
Operating margin	15,9%	13,8%	15,2%	15,9%	13,1%
Return on capital employed	13,9%	11,5%	19,3%	18,8%	17,0%
<b>FINANCE</b>					
Debt to equity	64,1%	75,8%	58,4%	77,5%	46,9%
Net debt to equity	56,5%	69,6%	55,9%	70,6%	33,5%
<b>SHARES</b>					
Shares in issue - (millions) - issued	105	105	104	103	103
- weighted	106	106	104	103	105
Market capitalisation - Rmillion	10 934	10 238	10 679	6 556	9 167
Value of shares traded - Rmillion	2 833	3 173	12 490	1 609	4 218
Share price - (cents) - balance sheet date	10 399	9 749	10 300	6 350	8 900
- high	10 770	11 000	10 628	10 250	15 000 <sup>+</sup>
- low	8 547	9 300	6 260	4 900	8 500
Volume of shares traded - (millions)	30	34	138	21	36

<sup>#</sup> Other income includes the gain of R1,969 billion arising on consolidation of the Zimbabwe subsidiaries during the year ended 31 March 2010.

<sup>^</sup> Other income includes the fair value adjustment of R3,348 billion relating to the investment in Hulamin prior to its unbundling in June 2007.

<sup>+</sup> Includes Hulamin.

# Definitions

## **PROFIT FROM TONGAAT HULETT OPERATIONS**

Profit from Tongaat Hulett operations comprises results of continuing operations, Triangle dividend and centrally accounted costs.

## **HEADLINE EARNINGS**

Headline earnings are calculated in note 22, in accordance with the South African Institute of Chartered Accountants' Circular 3/2009: Headline Earnings.

## **HEADLINE EARNINGS PER SHARE**

Headline earnings divided by the weighted average number of shares in issue.

## **OPERATING MARGIN**

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

## **RETURN ON CAPITAL EMPLOYED**

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

## **DEBT TO EQUITY**

Long and short-term borrowings divided by equity.

## **NET DEBT TO EQUITY**

Long and short-term borrowings less cash and cash equivalents divided by equity.

## **CAPITAL EMPLOYED**

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

## **TOTAL LIABILITIES**

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