

DIRECTORS' STATUTORY REPORT

The directors have pleasure in submitting the annual financial statements for the year ended 31 March 2015.

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 2015 amounted to R989 million (2014: R1 155 million). This translates into a headline earnings per share of 826,1 cents (2014: 990,5 cents) based on the weighted average number of shares in issue during the year.

Dividends

An interim gross cash dividend (number 174) of 170 cents per share for the half-year ended 30 September 2014 was paid on 5 February 2015. A final gross cash dividend number 175 of 210 cents per share was declared and is payable on 25 June 2015 to shareholders recorded in the register at the close of business on 19 June 2015.

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

Last date to trade ordinary shares "CUM" dividend	Thursday	11 June 2015
Ordinary shares trade "EX" dividend	Friday	12 June 2015
Record date	Friday	19 June 2015
Payment date	Thursday	25 June 2015

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Friday 12 June 2015 and Friday 19 June 2015, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Thursday 11 June 2015.

The dividend is declared from income reserves. A net dividend of 178,5 cents per share will apply to shareholders liable for the local 15% dividend withholding tax and 210 cents per share to shareholders exempt from paying the dividend tax. The issued ordinary share capital as at 21 May 2015 is 135 112 506 shares. The company's income tax reference number is 9306/101/20/6.

Share capital

There was no change in the authorised capital of the company. During the period, 40 500 shares were allotted in respect of options exercised in terms of the company's employee share incentive schemes for a total consideration of R1 million. Details of the unissued ordinary shares and the company's share incentive schemes are set out in the Remuneration Report and in notes 11 and 34.

In 2007, Tongaat Hulett entered into a broad based BEE equity participation transaction, which inter-alia included an 18% participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles). This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007.

This BEE participation structure involved the issuance of 25 104 976 million "A Preferred Ordinary" shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a 7 year term, within the overall 10 year transaction period contemplated in the agreements. On the 7 year anniversary of the transaction (i.e. beginning of July 2014), the process commenced that resulted in the automatic conversion of the A preferred ordinary shares to Ordinary shares. The A preferred ordinary shares thus converted to ordinary shares and ranked equally (pari passu) with other ordinary shares and were listed on the JSE on 4 July 2014. Further information is provided on page 94.

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 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 JSE Listings Requirements, 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 memorandum of incorporation;
- being authorised by the shareholders of the company in terms of a special resolution of the company in a 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.

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

- the company and its subsidiaries (together "the group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 21 May 2015;
- the assets of the company and of the group will be in excess of the liabilities of the company and the group for a period of 12 months from 21 May 2015. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited group annual financial statements;
- the ordinary capital and reserves of the company and the group will be sufficient for the company's and the group's present requirements for 12 months from 21 May 2015;
- the working capital of the company and the group for a period of 12 months from 21 May 2015 will be adequate for the company's and the group's requirements.

Subsidiary companies and joint operations

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

The attributable interest of the company in the results of its consolidated subsidiaries and joint operations for the year ended 31 March 2015 is as follows:

	2015	2014
In the aggregate amount:		
Net profit (Rmillion)	1 155	1 277
Net losses (Rmillion)	94	92

Directorate

During the period, J B Magwaza retired as Chairman of the Board on 30 July 2014, having reached the mandatory retirement age in terms of the memorandum of incorporation of the company. The Board appointed Bahle Sibisi as a non-executive Chairman of the Board with effect from 30 July 2014. Jenitha John was appointed as Lead Independent Director as required by the JSE Listings Requirements and King III in situations where the Chairman of the Board is not independent, also with effect from 30 July 2014. The Board also appointed Steven Beesley as an independent non-executive director of the Board with effect from 17 June 2014. On 1 February 2015, Adriano Maleiane resigned as a non-executive director. The Board appointed Tomaz Augusto Salomão as an independent non-executive director on 25 May 2015. The composition of the Board is as follows: C B Sibisi (Chairman), P H Staude (CEO), F Jakoet, S M Beesley, J John, R P Kupara, T N Mgoduso, N Mjoli-Mncube, M H Munro, S G Pretorius and T A Salomão.

Directors retiring by rotation at the AGM in accordance with article 61 of the memorandum of incorporation are C B Sibisi, M H Munro and S G Pretorius. T A Salomão is required to retire in accordance with article 59 of the memorandum of incorporation, having been appointed on 25 May 2015. These directors are eligible and offer themselves for re-election/election. Details of each of these retiring directors are set out on pages 52 to 53.

Directors' shareholdings

At 31 March 2015, the directors of the company beneficially held a total of 446 052 ordinary shares equivalent to 0,33 percent in the ordinary listed share capital of the company (2014: 374 200 ordinary shares). Details of the directors' shareholdings and interests in the share incentive schemes are provided on page 70 and pages 75 to 76 of the Remuneration Report. There has been no change in these holdings between 31 March and 21 May 2015.

Audit and Compliance Committee

The Audit and Compliance committee has considered the provisions of the Companies Act 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 58 to 59. In addition, the committee is satisfied that the designated auditors of the company are independent of the company.

Events after the reporting date

There were no material events between 31 March 2015 and the date of this report.