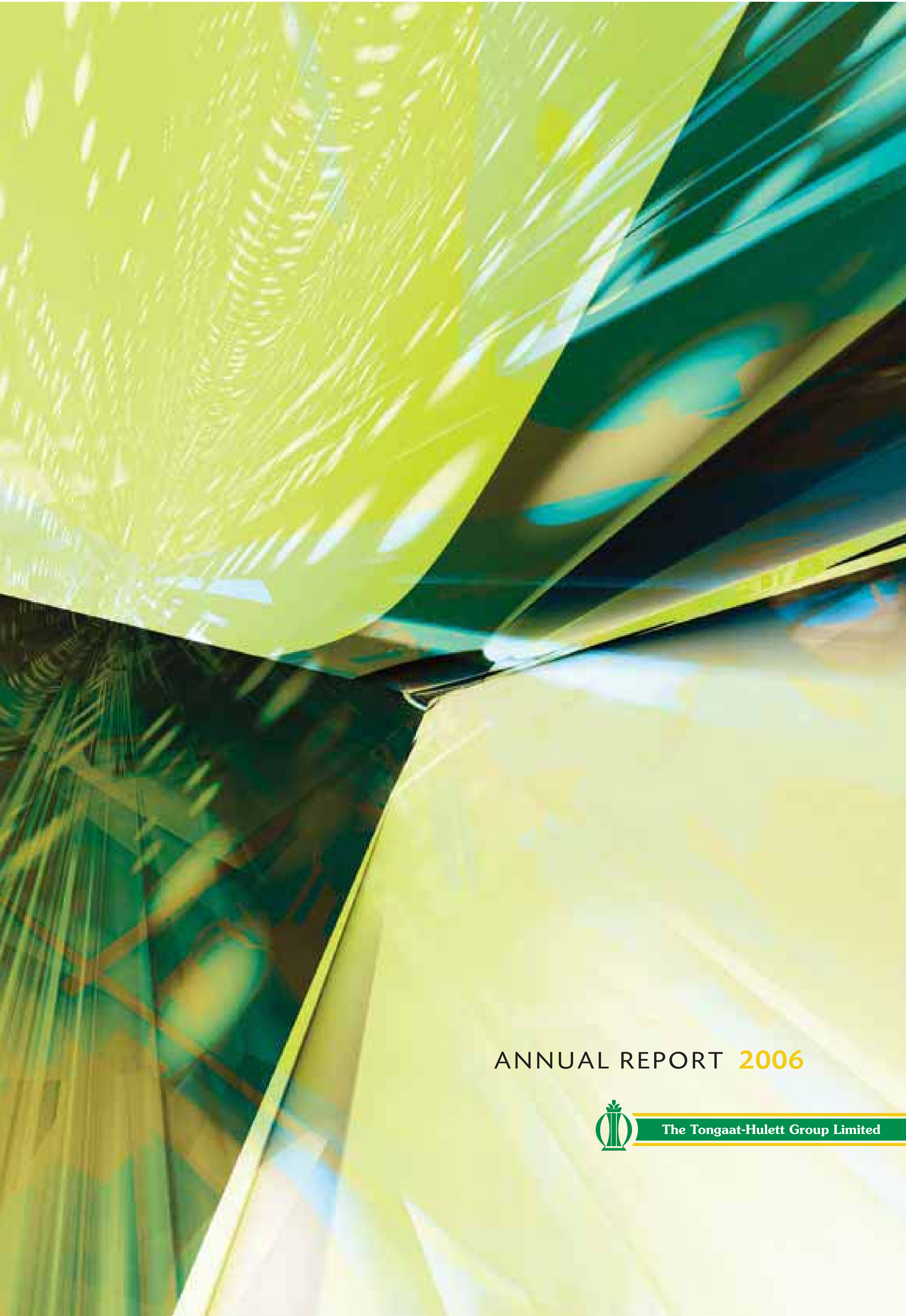


ANNUAL REPORT 2006

The Tongaat-Hulett Group Limited

CONTENTS

MILESTONES 2006

DELIVERING SHAREHOLDER VALUE

- The Tongaat-Hulett Group operating profit grew by 40% to exceed R1 billion for the first time with ROCE increasing to 14,8%.
- Moreland's fourth successive year of record breaking performance with revenue increasing by 30% and operating profit increasing by 41% to R325 million.
- Rolled products sales volumes increased by 6% to 183 000 tons annualised with Hulett Aluminium's revenue exceeding R5 billion for the first time and operating profit increasing by 32% to R422 million.
- Earnings growth acceleration continued in sugar operations with operating profit increasing by 42% to R356 million including dividends of R61 million received from Triangle in Zimbabwe.
- The Tongaat-Hulett Group Headline earnings increased by 51% to R703 million in 2006.
- Annual dividend payment to shareholders increased by 37,5% to 550 cents.
- Proposed unbundling and listing of Hulett Aluminium announced.
- Broad based BEE partners selected for equity participation in Tongaat-Hulett and Hulamin.

A PLATFORM FOR FUTURE GROWTH

- The R1,3 billion expansion of the Mafambisse and Xinavane sugar cane estates and milling operations was approved to take advantage of EU preferential market access from 2009.
- European sugar reforms effective from July 2006 reduce EU sugar exports into the 40 million ton world sugar market from 2007.
- Planning approvals for Izinga (Umhlanga Ridge) and Kindlewood (Mt Edgecombe South) residential estate property developments secured in December 2006.
- Two major international hotel developments to commence in 2007:
  - Marriot International Hotel at Umhlanga Triangle
  - IFA's 150 room, 5-star Fairmont Hotel and Gary Player designed Zimbali Lakes Golf Course.
- A R950 million Hulett Aluminium expansion project approved in the last quarter of 2006, growing capacity to 250 000 tons and providing further mix enhancement by increasing output of thin gauge foil and heat treated plate.
- Acquisition of 50,35% share in Hippo Valley sugar mill and estates in Zimbabwe for US$36 million.
- Continued focus on customer service results in two customer service awards for African Products as the best raw materials supplier in 2006.

SOCIALLY RESPONSIBLE

- Total BEE preferential procurement spend increased to R919 million and 28% of the total available spend.
- Blacks in management represent 49,3% of permanent staff at this level with 81,5% of skilled and supervisory positions comprising black incumbents.
- Corporate Social Investment spend amounted to R6,8 million in 2006.
- The total lost time injury frequency rate improved to 0,21 in 2006 from 0,31 in 2005 and 1,27 in 2003.
- All South African and Swaziland sugar operations achieved ISO 14001:2004 certification.
- 70% of the South African based employees participated in Voluntary HIV Counselling and testing.
- Bridge City, an exciting public private partnership with the eThekwini Municipality, to be launched to the market early in 2007 as a mixed use town centre development serving the KwaMashu area north-west of Durban.

- Huletts® again voted by an independent survey as the top sugar brand and the second leading food brand in South Africa.
- Agricultural trials for a starch based super absorbent polymer result in yield and quality improvements of up to 50% with larger scale trials for the 2006/7 summer crop growing season.
- The expanded aluminium heat treated plate facility was commissioned on schedule in the third quarter of 2006 and the first phase aluminium extrusion capacity expansion was completed.
- Overhead cost increases in starch and glucose operations contained below inflation for the third consecutive year as organisational restructuring initiatives take effect.
- Commercial production from the new white sugar technology plant at Felixton.
- Following successful trials of silo bag storage for maize in the 2005/6 season Afprod has increased storage to 60 000 tons for the 2006/7 season.
- Continued sales mix improvement with local rolled products and extrusions market volume growth of 11% and 15% respectively.

THE TONGAAT-HULETT GROUP

The Tongaat-Hulett Group has a proud history dating back to the 1850's. It has demonstrated the ability to transform itself and capitalise on opportunities in changing business environments. The Group, like many South African companies, has evolved from a diversified industrial business to its current composition. The businesses that did not have synergies or linkages with core activities have been disposed of. The two business nuclei that have emerged are Hulett Aluminium and Tongaat-Hulett. The Group has strengthened and invested in these operations, both of which have well-established competitive positions.

The Tongaat-Hulett Group is well advanced with a course of action that will result in two separately listed, focused companies in 2007:

- ***Tongaat-Hulett, an agri-processing business which includes integrated components of land management, property development and agriculture; and***
- ***Hulett Aluminium (Hulamin), an independent niche producer of aluminium rolled, extruded and other semi-fabricated and finished products.***

This will be achieved by the listing of Hulamin on the JSE followed immediately by the unbundling of the 50 percent shareholding in Hulamin by Tongaat-Hulett to its shareholders. It will be accompanied by the simultaneous introduction of broad based Black Economic Empowerment (BEE) equity participation in both Tongaat-Hulett and Hulamin. The capital structures of both businesses will be optimised, including facilitating the BEE equity participation and retaining the balance sheet capacity to take advantage of growth opportunities.

The unbundling enhances both Hulamin and Tongaat-Hulett's value proposition and creates opportunities to further enhance operating performance and improve delivery on growth projects already underway.

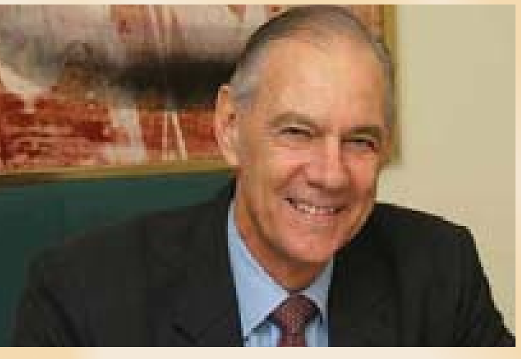
The business seeks to create value for all stakeholders in a manner that is sustainable, responsible and contributes meaningfully to the social and physical environment in which it operates.

CHAIRMAN'S STATEMENT

Earnings Continue to Grow

It gives me great pleasure to report on another successful year for the Tongaat-Hulett Group and an increase of 51 percent in headline earnings to a record of R703 million in 2006.

The company continues to benefit from proactive management actions taken across the Group, and the increased experience and capacity of staff, which has been enhanced by the buoyant economy and has resulted in a positive growth in earnings. The business is in a good position to take advantage of the many opportunities ahead.



CEDRIC SAVAGE *CHAIRMAN*

Creating Shareholder Value whilst introducing Broad Based Black Economic Empowerment

The board has declared a final dividend of 350 cents per share which, together with the interim dividend of 200 cents per share, amounts to a total annual dividend of 550 cents per share, an increase of 38 percent on the 400 cents per share of the previous year.

An increase in the share price by 37 percent over the past year, following a 51 percent increase in 2005, is indicative of the market's appreciation of the value of the business going forward.

The board is pleased with the progress made in the unbundling and listing of Hulamin and the introduction of broad based Black Economic Empowerment (BEE) partners in both Tongaat-Hulett and Hulamin. A detailed cautionary announcement was made on 14 December 2006, which provided the proposed transaction framework and other relevant features of the transaction are summarised further in this report. Post the unbundling, Hulett Aluminium will be renamed and listed as Hulamin providing investors with a unique investment opportunity in a focused aluminium semi-fabrication company. The remaining listed entity renamed Tongaat-Hulett, will operate as an agri-processing business with significant integrated land management, agriculture and property development activities.

The company embraces BEE as a business imperative and has successfully undertaken numerous and sustainable BEE initiatives in all facets of its business.

The proposed unbundling creates the prospect of attracting suitable broad based BEE equity partners into both Tongaat-Hulett and Hulamin and the participation of all relevant employees. The anchor BEE partners selected at Tongaat-Hulett have considerable knowledge of the business and will play a leading role in building the business and developing value adding initiatives with selected broad based community groups. The Hulamin anchor BEE partners were selected based on criteria including demographic and geographic profile, and sustainable value creation. The consortium leaders will play a leading role in driving shareholder value and realising the growth ambitions of the company.

Favourable Economic Conditions

Tongaat-Hulett, as a low cost producer, stands to benefit from the improving global sugar fundamentals and EU market reforms. Increasing world focus on establishing sources of renewable energy continues to have a fundamental effect on world agricultural commodity markets, including South Africa. The company continues to benefit from research and development investments to broaden and extend Tongaat-Hulett's product offerings, which apart from sugar include substantial supplies of maize derivates within South Africa. Government's major commitment to drive economic growth via infrastructural investment will continue to support GDP growth and ongoing property investment development. Various initiatives, including the enhanced sales mix, growing volumes of high value products and reducing costs will further contribute to earnings growth at Hulamin.

Business Sustainability

Safety, Health and Environment are integral to our sustainable development and the company has made good progress in these areas during the current year. A strong employment equity culture remains entrenched across the Group, and this was recognised by Tongaat-Hulett being ranked 6th overall in the Financial Mail 2006 BEE Survey.

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

Corporate Governance

The board of directors maintains high standards of corporate governance. It continues to endorse the principles of openness, integrity, accountability, transparency and social responsibility. The Tongaat-Hulett Group is fortunate to have on its board the experience of professional individuals. We continually strive to improve our standards of corporate governance and annual board assessments form a fundamental part of this process. The Group fully complies with the requirements of the King Report.

Conclusion

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

Major changes in company structure in 2007, as announced, will create both challenges and opportunities in the year ahead. The company values the new dimensions the unbundling will bring to the two businesses and believes that they have the necessary resources, particularly in people, to meet the challenges ahead.

At a later stage in the unbundling, listing and BEE equity participation process will be the appointment of new directors and I look forward to welcoming them to the board.

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

Cedric Savage
Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

16 February 2007

CHIEF EXECUTIVE'S REVIEW 2006

CREATING SHAREHOLDER VALUE

The Tongaat–Hulett Group continued to capitalise on and strengthen its competitive strategic platform during 2006. Improving global fundamentals combined with key management actions resulted in headline earnings growth of 51 percent.

The Group, like many South African entities, was a diversified industrial business with interests in aluminium, building materials, consumer foods, cotton, edible oils, industrial and commercial catering, mushrooms, sugar and agricultural land development, starch and glucose, textiles and transport. Since the early nineties the Group has systematically divested from a number of these businesses and refocused its operations, leveraging the synergies that exist between its agri-processing operations and prime agricultural land holdings. Capitalising on the investments in its operations and a solid platform of earnings growth, a strategic review of the Group's operations saw the announcement in 2006 of the proposed unbundling and listing of Hulett Aluminium to create two separately listed, focused companies in 2007:

PETER STAUDE *CHIEF EXECUTIVE OFFICER*

- **Tongaat-Hulett, an agri-processing business which includes integrated components of land management, property development and agriculture; and**
- **Hulett Aluminium, to be renamed Hulamin, an independent niche producer of aluminium rolled, extruded and other semi-fabricated and finished products.**

This will be achieved by the listing of Hulamin on the JSE followed immediately by the unbundling by Tongaat-Hulett to its shareholders of its Hulamin shares. The unbundling and listing should unlock value for shareholders and will provide investors with a unique investment opportunity in a focused aluminium semi-fabricator company. The transactions will enhance Tongaat-Hulett's value proposition as an agri-processing business. The capital structures of both businesses will be optimised, including facilitating broad based BEE equity participation, returning capital of R500 million to Tongaat-Hulett shareholders by way of a share buyback and retaining the balance sheet capacity to take advantage of attractive growth opportunities.

ACCELERATING TRANSFORMATION

The Tongaat-Hulett Group regards transformation as fundamental to the long term development and sustainability of the South African economy and its businesses. The Group has a proud history of numerous meaningful and sustainable broad based BEE initiatives in all aspects of its business particularly in the areas of employment equity, preferential procurement, skills development, enterprise development and community involvement.

The unbundling and listing of Hulett Aluminium has created the opportunity for the introduction into Tongaat-Hulett of BEE equity partners representing disadvantaged communities surrounding its property developments and the small scale cane grower communities supplying the four South African sugar mills. The selected partners, in the form of Ayavuna Women's Investments and Sangena Investments, who are headed up by Hixonia Nyasulu and Bahle Sibisi respectively, together with community groupings will collectively subscribe for an 18 percent interest in Tongaat-Hulett. Both partners have long standing relationships with Tongaat-Hulett and will play leading roles in building the business and developing value adding initiatives with the community groups.

Similarly, the BEE partners in Hulamin represented by the Imbewu Consortium and the Makana Investment Consortium together with broad based groupings, mainly representing the communities in Pietermaritzburg, will subscribe for a 10 percent interest in the business of Hulamin. The consortia are headed up by JB Magwaza and Peter-Paul Ngwenya respectively and will play a leading role in driving shareholder value and realising the growth ambitions of Hulamin.

Recognising the key role that employees play in the sustainable prosperity of Tongaat-Hulett and Hulamin, the introduction of BEE partners is complemented by the introduction of a significant employee share ownership scheme involving some 4 500 black employees in South Africa.

It is pleasing that the announcement of the unbundling and listing of Hulett Aluminium coupled with the introduction of BEE partners has been well received by the Group's broad stakeholder base.

FOCUSED GROWTH AND INVESTMENT

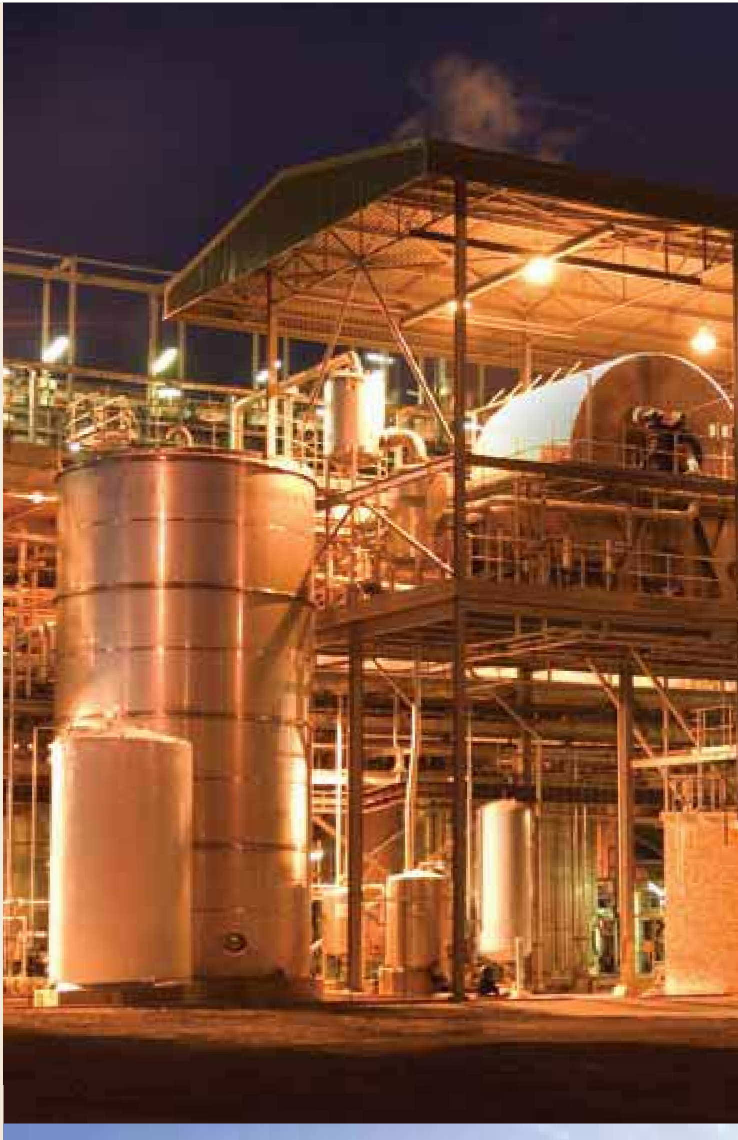
The Tongaat-Hulett Group continues to follow a focused investment approach that has resulted in the implementation of projects that have provided attractive returns and earnings growth. The Group, as demonstrated in the rolled products expansion at Hulett Aluminium, has developed the competence and expertise to implement projects of a critical scale. The past investments in its operations have established a solid asset and business base, ensuring it is well placed to take advantage of an improving global environment.

Low Cost Sugar Producers to Benefit from Agricultural Market Reforms

Ongoing market reforms, the increasing use of sugar cane for ethanol production and a world sugar consumption growth rate of 2 percent per annum are providing Tongaat-Hulett with major opportunities within its strategy of growing earnings through the expansion of sugar production in low cost regions with superior market realisations.

The recent WTO rulings on European Union (EU) sugar exports will reduce sugar exports into the 40 million ton world sugar market from recent levels of 5 to 7 million tons to no more than 1,4 million tons from 2007 onwards. The Everything-but-Arms (EBA) initiative that provides for duty and quota free access to EU markets for Least Developed Countries (LDC) from 2009 combined with the announced EU sugar market reforms that provide for a guaranteed price of Euro 335,20 per ton until 2015 were the catalysts for the January 2007 announcement of a R1,3 billion expansion of the Mozambique sugar operations.

Building on the solid platform established in Mozambique over the last six years Tongaat-Hulett will undertake a R1,163 billion expansion of its Xinavane mill and cane estates, increasing sugar production from 65 000 tons in 2006 to 180 000 tons in 2009. The Xinavane operations are well positioned, being located in the



Maputo Corridor with access to good road and rail links, the Maputo harbour, a supply of labour and services and with access to and security of cane supplies in a high yield area possessing adequate water supplies. In order to supply its more than double cane crush capacity of 380 tons per hour, cane growing activities will be expanded in 2007 and 2008 with an additional 6 500 hectares of irrigated cane being planted. The additional sugar production of 115 000 tons will be sold partially in the domestic Mozambique market with the balance being exported to take advantage of the EU market reforms which provide regulatory and pricing certainty until 2015.

Capitalising on the market reforms and the recently constructed Muda Dam, Tongaat-Hulett will invest, at its Mafambisse sugar mill north of Beira, R116 million in order to develop a further 2 100 hectares of cane fields. This will result in sugar production increasing to 82 000 tons from an annual production of 41 000 tons in 2006.

The December 2006 announcement of the 50,35 percent acquisition of Hippo Valley Estates will almost double Tongaat-Hulett's production in Zimbabwe and will lift its regional sugar capacity by a further 285 000 tons per annum. The lowveld in Zimbabwe, with excellent topography, climate and established water storage and conveyance infrastructures for irrigation, is recognised as the lowest cost producer in the region if not the world. The close proximity of this large, world-class sugar estate to Triangle Sugar increases the ability to capitalise on the synergies between the two operations, with scope for further investment when the socio-economic environment improves.

The investments in Hippo Valley Estates and Mozambique strengthen Tongaat-Hulett's position as a leading sugar producer in the low cost SADC region with total sugar production capacity increasing from 1,5 million tons to 1,9 million tons by 2009.

Flexibility in Renewable Energy

Increasing world focus on establishing sources of renewable energy and a drive to reduce the dependence on fossil fuels continue to have a fundamental effect on world agricultural commodity markets. South Africa recently released its draft strategy on biofuels joining the growing ranks of a number of countries that have legislated for a renewable energy component in their national energy strategies and others that are contemplating such a move.

Tongaat-Hulett, as it moves away from the narrow sugar and starch definitions to a much broader sweetener, ingredients and biofuels approach, is increasingly seeing opportunities in environmentally sustainable energy generation from sugar cane and maize. Globally, sugar cane's biomass is acknowledged as being a partial answer to greenhouse gas emissions and global warming. Recent Tongaat-Hulett developments include an initial electricity cogeneration project at Felixton coupled with negotiations with Eskom and other third parties regarding a market for renewable energy power and the expansion of ethanol production for use as a biofuel. These initiatives are certain to grow in significance given sugar cane's sustainable and renewable properties. A myriad of downstream and beneficiated products could become feasible with investment in new approaches and co-ordination of research. This has environmental, economic and social advantages for the development of cane as a natural resource.

In the world biofuels market, Brazil and the United States have led the way with large scale investments in the production of ethanol from sugar cane and maize. Tongaat-Hulett, with its extensive sugar cane and maize processing facilities, is well placed to take advantage of the emerging South African biofuels landscape in order to maximize shareholder value.

Extending the Value Chain

In starch, one of nature's most versatile raw materials, and in sugar, arguably nature's most efficient source of carbohydrate, the Group has the starting point to a variety of downstream products. Research and development investment over a number of years has developed new opportunities to broaden and extend Tongaat-Hulett's product offerings.

In its starch and glucose operation, African Products, Tongaat-Hulett continues to implement projects to grow the sales of higher value products. During 2006, specialised glucose sales grew by more than 13,5 percent, pre-gelatinised starch sales by 20 percent and sales to the adhesive markets grew by 98 percent. The development of Zeba, a starch-based hydropolymer product used as a soil amendment agent is progressing well, with an extensive second round of agricultural trials implemented in the 2006/7 summer season. Additional product from Tongaat-Hulett's technology partner will be imported during 2007/8 in order to reduce the time required to establish the local market. Plant design work is well advanced, while co-operation with the technical licensor in the United States on further process development is well established.

Tongaat-Hulett has piloted technology to produce white refined cane sugar directly from a raw sugar mill (WSM), eliminating the need for a refinery. In 2006, a plant using this technology was fully commissioned at the Felixton sugar mill. This is opening the way for major shifts in the approach to sugar milling and refining. Marketing initiatives are underway, with significant potential royalty opportunities for Tongaat-Hulett. Through the better utilisation of sugar cane's constituent fibres and juice, products such as crystalline and liquid fructose and a range of fermentation technologies are expected to be developed over the next few years.

Value Creation out of Agricultural Land

In line with a global escalation in coastal land values and the continued growth of the economy in the Durban to Richards Bay development corridor, there is ongoing demand and development pressure on Tongaat-Hulett's land in the coastal belt north of Durban. The prime quality, location and value of Tongaat-Hulett's land and Moreland's signature brand development platform are widely acknowledged and Moreland has continued to capitalise on the strength of the property market using its development expertise to unlock this value at an escalating pace.

Land management strategies have been implemented to ensure that land values and the synergies between sugar and maize processing operations and property development are optimised. This is addressed in terms of a process which includes:

- The protection of land rights and cane supply to the sugar mills,
- Co-ordinated development planning to enhance land values,
- Securing development rights, in conjunction with the associated government planning approvals and bulk infrastructure provision, and
- The realisation of approved developments.

Of the South African landholdings, 12 937 hectares are well located to benefit from urban or tourism development demand. Tongaat-Hulett has a growing competence and the platform to unlock substantial value as it converts agricultural land into property development. The timing of this is dictated by market demand and the capacity of local government to provide bulk infrastructure. Future conversion to property development by Tongaat-Hulett is estimated at 100 to 400 hectares of land annually, resulting in the need for additional cane procurement initiatives.

The investment in three major nodal roads within the last two years combined with the recent confirmation of the King Shaka International Airport and the Dube Tradeport at La Mercy has resulted in greater access, visibility and awareness of Tongaat-Hulett's land holdings and enhanced opportunities for further development in these nodes.

There has been a significant shortage of residential and industrial land stock and new developments for both portfolios are being actively pursued to satisfy market demand. Development approvals were obtained for the Izinga and Kindlewood residential developments late in the year. In addition, good progress has been made towards securing development approvals for the following developments in 2007:

- Umhlanga Triangle – incorporating the Ridgeside Precinct, 250 000 square metres of mixed use bulk and 3 000 residential units, is expected within the first quarter and is underwritten by four significant enquiries to complement the Marriott International Hotel project,
- Sibaya Resort at Umdloti,
- Zimbali Lakes – incorporating a resort hotel and Gary Player designed golf course,
- Shongweni with 1 200 hectares of developable area on both sides of the N3 freeway (linking Durban and Johannesburg) to cater for an extensive commercial node and niche residential developments, and
- Cornubia at Mount Edgecombe – a 1 200 hectare mixed use node incorporating industrial, commercial and affordable housing developments which will commence in 2008.

There has been continued and extensive engagement with local and provincial government during the year to develop strategies and action plans to fund and install bulk infrastructure and facilitate the development of affordable housing. Substantial progress has been achieved in respect of planning and government approvals for key new nodal developments.

FINANCIAL RESULTS FOR 2006

It is pleasing to note that the investments the Group has made in the past in its operations and people, combined with improving external conditions translated into headline earnings increasing by 51 percent to R703 million in 2006, compared to R466 million in 2005. This increase was due to a 40 percent growth in operating profit to R1,02 billion (2005: R730 million), a reduction in finance costs and an improvement in the result from the Xinavane mill, in Mozambique, which is equity accounted as an associate.

Tongaat-Hulett Sugar's operating profit increased by 42 percent to R356 million (2005: R251 million), including dividends from Triangle Sugar in Zimbabwe. An increase in domestic and export realisations more than offset lower sales volumes. In South Africa, domestic sales were 469 264 tons (2005: 474 387 tons) with raw sugar export volumes at 316 104 tons (2005: 386 876 tons) as a consequence of lower production. The 2006 South African crop was the second lowest in 10 years, mainly due to adverse growing conditions impacting on cane yields and quality. This resulted in the utilisation of 72 percent of installed cane crushing capacity. The 2006 results include an effective world sugar price for exports of 12,8 US cents per pound at an average R6,56/US dollar (2005: 9,0 US cents per pound at R6,58/US dollar). The drive to reduce costs and the focus on additional cane supplies continue. Dividends of R61 million (2005: R19 million) were received from Triangle Sugar in Zimbabwe.

As a result of an increased operating profit and after taking account of finance costs at the Xinavane mill in Mozambique, the associate company line in the income statement reflected an improvement over 2005, with a loss of R4 million (2005: loss of R25 million).

African Products' operating profit reduced to R96 million in 2006 (2005: R112 million) under difficult trading conditions. Starch and glucose selling prices were under pressure from imports and maize input costs were higher, resulting in depressed trading margins. Maize costs were near import parity levels for a large part of the period as a result of the smaller 2005/6 crop. Sales volumes in the domestic market increased by 3,7 percent with growth in excess of 13,5 percent being achieved in value added spray dried glucose. Overheads were contained to levels below inflation for the third consecutive year, as the benefits of the organisational restructuring process were achieved.

Moreland achieved operating profit of R325 million (2005: R231 million) which was an increase of 41 percent. Tongaat-Hulett's prime land, the well-established




property development platform and continuing solid market demand are being capitalised upon. Significant contributions were achieved from the commercial, industrial and resorts portfolios, including RiverHorse Valley Business Estate, Umhlanga Ridge Town Centre, the Marriott International 5-star Hotel site in the Umhlanga Triangle and the Zimbali Coastal Resort.

Hulett Aluminium grew operating profit by 32 percent to R422 million (2005: R319 million), with the Group's share being 50 percent thereof. Sales revenue exceeded R5 billion for the first time. Sales volume growth continued and record annual rolled products sales of 183 000 tons (2005: 173 000 tons) were achieved. Local market sales of both extrusions and rolled products grew firmly, with increases of 15 percent and 11 percent respectively. Strong sales into the distributor, automotive and transport sectors were achieved. The higher LME price of aluminium continued throughout 2006, resulting in reductions in rolling margins while benefits accrued from the metal price lag effect on cost of sales. Manufacturing costs increased due to sharp rises in metal and energy costs, and from spot purchases of LP gas during the SAPREF supply disruptions, which also had a significant negative impact on volumes in 2006.

The Group's operating profit includes the translation gain in respect of foreign cash of R57 million (2005: R14 million) as a result of the Rand weakening against the GB Pound. The offshore cash was utilised to facilitate Triangle's acquisition of a 50,35 percent shareholding in Hippo Valley in Zimbabwe.

Net finance costs reduced from R60 million to R23 million. This was as a result of lower short-term borrowing and maize finance costs, combined with the effect of a finance structure at Hulett Aluminium maturing at the end of 2006.

The Group's tax cost increased as operating profit increased. STC charges increased as a result of higher dividend payments.

The capital employed increased mainly as a result of higher working capital. This included growth in debtors with the higher invoicing levels at year end and higher aluminium stock values as a result of the higher LME price of aluminium.

The Group recorded a net cash outflow of R51 million before dividends and financing activities. This included the cash absorbed in working capital and the cash investment in the acquisition of Hippo Valley. Net debt to equity has increased to 14,2 percent (2005: 6,7 percent).

The return on capital employed has grown from 11,1 percent in 2005 to 14,8 percent in 2006, driven predominantly by the growth in operating profit.

The Board has declared a final dividend of 350 cents per share, which brings the total annual dividend to 550 cents per share (2005: 400 cents per share).

REVIEW OF TONGAAT-HULETT'S OPERATIONS

Tongaat-Hulett extracts carbohydrates from sugar cane and maize and then produces a range of products from the refined carbohydrate. In a number of instances its operations offer similar products in key overlapping market sectors.

It produces, through its sugar and starch and glucose operations, almost half of the refined carbohydrates manufactured in South Africa. Tongaat-Hulett has established considerable expertise in adding value to agricultural products, an area requiring specific knowledge and skills. This provides a powerful base to harness its agri-processing abilities to expand activities into adding value to other agricultural crops.

As an agri-processor in Southern Africa, the significance to Tongaat-Hulett of agriculture and land is increasing rapidly, with the Mozambique sugar operations after expansion consisting of more than 45 000 hectares of land. Tongaat-Hulett is able to balance the operational requirement for cane supplies to its sugar operations with the transition to property development as urban and tourism demand increase. This value creation is currently capitalising on the urban and tourism growth on the KwaZulu-Natal coast north of Durban, with Moreland's established position as a leading land developer being a key success factor.

Agriculture and its associated processing industries are becoming increasingly more important in a global economy confronted by an expanding world population, a reduction in agricultural land as a result of urbanisation and climate change, concerns surrounding food security and the competition from biofuels for renewable resources. Tongaat-Hulett has the flexibility through each of its operations to manage these changing dynamics in order to extract maximum shareholder value.

SUGAR

Tongaat-Hulett Sugar is a world leader in sugar milling technology and continues to focus its energies on cane growing, sugar milling and refining at its operations throughout the Southern African region. It has four mills in South Africa, two mills in Mozambique, two in Zimbabwe and extensive cane operations in each of these countries as well as Swaziland. In addition to its raw sugar capability Tongaat-Hulett Sugar has a central refinery in South Africa with an annual refining capacity of some 600 000 tons. This refinery is complemented by additional refining capacity in Triangle Sugar and the capacity of the recently commissioned White Sugar Mill plant at Felixton.

Adverse growing conditions in 2006 resulted in total sugar production decreasing by 8 percent to 1,067 million tons. The total cane crush of 9,5 million tons in 2006 represents 72 percent of installed capacity compared to 76 percent in the 2005 year.

Sugar production in South Africa of 666 000 tons was 11,6 percent below the 753 000 tons produced in the prior year and well below the longer term average. Tongaat-Hulett Sugar's technological leadership was confirmed during the year with sugar being produced on the new white sugar technology plant at Felixton and its continued out performance of industry benchmarks measured in terms of critical sugar recovery.

Good growing conditions in Swaziland resulted in Tambankulu Estates recording world class sucrose yields of 17 tons per hectare and the production of a raw sugar equivalent of approximately 55 000 tons (2005: 56 000 tons).

Triangle's sugar production increased to 240 000 tons, a 1,7 percent increase on the previous year despite the continued socio-political and economic difficulties of operating in Zimbabwe.

In Mozambique sugar production decreased to 106 000 tons (2005: 115 000 tons) with Xinavane increasing to 65 000 tons while Mafambisse decreased to 41 000 tons due to the drought conditions experienced over the growing season. The planting of new areas under cane in Mozambique and the maximisation of yields is progressing with the current capacity of 156 000 tons of sugar expected to be reached within the next two years, increasing with the approved expansions to 262 000 tons by 2009.

The matching of milling capacity to available cane supplies remains a key driver of low cost sugar production and plans are in place to increase cane supply to all mills.

Domestic Markets

In 2006, the Huletts® brand was again voted by an independent survey as the second most admired food brand in South Africa, measured in terms of awareness as well as trust and confidence. The brand remains a cornerstone of Tongaat-Hulett Sugar's success and offers a total sweetener solution including a range of high intensity sweeteners.

Local market sales in South Africa of 469 000 tons decreased by 1 percent over the prior year with stock holdings at December 2006 decreasing by 3 percent to 151 000 tons. Progress continues to be made by sugar producers in Mozambique to secure the domestic market against illegal imports. The hyper-inflationary environment in Zimbabwe is being managed with frequent and substantial sugar price increases having to be implemented to protect operating margins.

Voermol Feeds, the molasses and bagasse-based animal feeds operation, continues to be a leader with its range of energy and supplementary feeds, amongst others, as the cornerstone of its offerings to the livestock farming community. Its contribution to Tongaat-Hulett's earnings in 2006 was similar to that of the previous year.

International Markets

Export market prices in 2006 were approximately 37 percent above the prevailing prices in 2005 due to the increase in the world sugar price and a weaker exchange rate during the period. Export sales of 316 000 tons decreased by 18 percent over 2005 despite a reduction in stock on hand of 40 percent at the end of December to 76 000 tons due to lower production.

The world market price for sugar has been extremely volatile over the past year peaking at twenty year highs of almost 20 US cents per pound for a short period before declining to the current levels of approximately 11 US cents per pound. The world price continues to be underpinned by the reform of the EU sugar sector, higher international oil prices resulting in sugar being diverted to the production of fuel ethanol and generally high commodity prices supported by the continuation of global economic growth.

Cost Management

Tongaat-Hulett Sugar has over the past few years undertaken a number of management actions resulting in the establishment of leaner and flatter structures to improve its cost competitiveness. Technology management is a key element of Tongaat-Hulett Sugar's 'lean' manufacturing strategy and stimulates, supports and leverages the continuous improvement of its operations.

Prospects

Global sugar fundamentals continue to improve as deregulation and pressures to reform mount. Tongaat-Hulett as a low cost producer with EBA access is well positioned to take advantage of these opportunities including the drive to renewable energy through biofuels/ethanol and electricity cogeneration. This together with the benefits of earnings enhancing actions and increased sugar production is expected to increase profits in 2007.

The imminent expansion of the Mozambique operations and the recent completion of the Muda dam near Mafambisse are indicative of Tongaat-Hulett being poised to capitalise on growth opportunities. The recent acquisition of 50,35 percent of Hippo Valley Estates increases the ability to capitalise on the synergies with Triangle Sugar, particularly when the socio-political and economic environment in Zimbabwe improves.

STARCH AND GLUCOSE

Tongaat-Hulett's wet-milling operation, African Products, is the major producer of starch and glucose on the African continent. It was established in 1919 and has grown to be an important supplier to a wide range of South African and African industries. Operating five wet-milling plants, Tongaat-Hulett converts some 600 000 tons of maize per annum into starch and starch-based products. It manufactures a wide range of products, from unmodified corn starch to highly refined glucose products, which are key ingredients for local manufacturers of foodstuffs, beverages and a variety of industrial products. The strong growth of the South African economy is positive for good volume growth of these products.

Maize Procurement

African Products has continued with the back-to-back product and maize pricing model adopted in 2003. This model, while effectively eliminating the risk of maize price valuation adjustments, does not reduce the risk

posed to margins by the movements in the South African maize price between import and export parity. Physical maize supply continues to be delinked from maize pricing.

Following a brief period in mid-2005 when South African maize traded at export parity, prices rose towards import parity at the end of 2005 and have remained at these high levels throughout 2006. This is largely due to the 43 percent reduction in the area of maize planted for the 2005/6 season, resulting in a reduction in maize production from 11,5 million tons in 2004/5, to 6,6 million tons in 2005/6. From September to the end of the year international maize prices have risen sharply, from levels around USD 90-100 per ton, to levels above USD 170 per ton, driven largely by increasing demand for maize to produce bio-ethanol. South African maize prices have tracked this increase, despite expectations of a larger crop for 2006/7. At the end of 2006, African Products has priced 35,1 percent of its maize requirements for the 2007 financial year.

Local Market

African Products continued to hold its own against strong import competition, with local market volumes growing by 3,7 percent over 2005. Particularly strong performances were delivered by the confectionery sector, up 11 percent after a decline in 2005, following increases in world sugar prices and local import tariffs, and paper-making, up 23 percent, following the commissioning of new paper-making capacity in the South African industry. African Products continues to implement projects to grow the sales of higher value products. During 2006, specialised glucose sales grew by more than 13,5 percent, pre-gelatinised starch sales by 20 percent and sales to the adhesive markets grew by 98 percent.

For most of the year pricing remained under pressure from a relatively strong exchange rate and low international prices for starch and glucose. Average local market prices were slightly above 2005 levels. During the last quarter of the year, international prices have begun to rise, driven by increases in raw material prices. This trend will work its way through to South African starch and glucose prices during 2007.

Export Markets

The high price of South African maize, relative to international maize prices, rendered African Products uncompetitive in most international markets. Export volumes reduced by 50 percent and margins remained under pressure in those markets which it continued to service. The rising price trend and the closing of the gap between South African maize prices and international prices only occurred in late 2006, with little effect on exports for the year.

Cost Management

Costs in 2006 were dominated by the increase in maize costs, which amounted to a 10 percent increase in raw material costs compared to 2005. African Products has continued to optimise the remaining add-on costs, such as storage. The silo bag initiative was expanded from 27 000 tons in 2005, to 60 000 tons in 2006. This initiative will continue to be used to drive down maize carrying costs in 2007.

Overhead cost increases were contained to levels below inflation for the third consecutive year, as the benefits of the organisational restructuring process were achieved. The focus in 2007 will be on projects to improve efficiencies in the operations.

Trends in International Starch and Glucose Markets

The most significant recent development in international markets has been the rapid rise in the world maize price as demand for maize to support large scale bio-ethanol production expansions, particularly in the United States, continues. This has resulted in significant input cost effects for the other major users of maize, including the starch industry. A number of the world's major starch producers are large producers of ethanol and are benefiting from the expansion of the industry.

The opening of the Mexican market to the supply of High Fructose Corn Syrup from the United States has increased the capacity utilisation of the United States industry and is expected to lead to a tightening of supply of starch based products in world markets. China continues to add capacity, but strong local demand and increases in Chinese maize prices have limited export volumes from this market.

Prospects

African Products has for the past few years had to respond to ongoing margin pressure brought about by rising local maize prices and ongoing price pressure from import competition whose raw material costs are significantly lower than in South Africa. World starch and glucose markets saw significant changes in the last quarter of 2006 with international prices increasing by over 30 percent in certain instances, driven by a 70 percent increase in world corn prices. The effect of these changes in world prices will allow Afprod to increase selling prices. However, maize price volatility due to uncertainty around the size of the South African 2006/7 season maize crop is likely to maintain the pressure on margins experienced in 2006.

LAND MANAGEMENT AND PROPERTY DEVELOPMENT

Tongaat-Hulett's property development arm, Moreland, together with its partners, has planned and developed approximately 1 500 hectares of land since 1990 at a cost of approximately R1,5 billion. This has facilitated the construction by its customers of more than 100 office and factory buildings, 5 000 residential units, Umhlanga Gateway and Crescent shopping centres, the Sibaya Casino and Entertainment World, four hotels, Umhlanga Hospital, Crawford and Umhlanga Colleges and places of worship serving a wide range of religions. This constitutes a total investment by Moreland's customers of more than R13 billion and has resulted in Moreland's territory being widely acknowledged as one of Southern Africa's leading property development and investment nodes. This has seen the creation of more than 50 000 much needed new jobs in both the construction and end-use industries and a boost to economic activity in the Greater Durban and KwaZulu-Natal North Coast Corridor.

This platform of prime property developments established over the past 15 years has enabled Tongaat-Hulett to further capitalise on the strong market conditions and development pace in the KwaZulu-Natal coastal corridor north of Durban.

Market Review

Significant contributions were achieved across each of the commercial, industrial and resorts portfolios as Moreland continued to enhance its reputation as the leading land developer in KwaZulu-Natal and a leader in Southern African terms.

Demand for the mixed-use and new urbanism commercial development concept at the Umhlanga Ridge Town Centre has resulted in the first phase of the development being sold out with roll-on phases achieving good market response and the servicing of new phases being accelerated to address demand. An indication of the growing demand for space has been the increased sale of 145 000 square metres in 2006, including the take-up of additional bulk on previously sold sites. The transfer of the site for the Marriott International 5-star Hotel and the launch of the Umhlanga Triangle – Ridgeside commercial precincts early in 2007 will cater for the ongoing demand for mixed-use and commercial developments, particularly in areas affording sea views.

The Zimbali Coastal Resort joint venture with IFA continued to perform well with a sell-out expected in 2007. IFA has released the plans for the 150-room Fairmont, 5-star hotel and good progress has been made with the planning of the Zimbali Lakes development incorporating a Gary Player designed golf course. The Zimbali joint venture has been expanded following the acquisition of land on the south bank of the Tongaat River.

The improvement in the local industrial market continued with demand for property at RiverHorse Valley Business Estate underpinning a strong sales performance with land for more than 82 000 square metres of bulk development being sold late in 2006. A final 310 000 square metres will be released to meet market demand and the development is expected to be sold out in 2007. Bridge City, another exciting public private partnership with the eThekwini Municipality, is to be launched to the market early in 2007 as a mixed use town centre development serving the KwaMashu area north-west of Durban.

The resolution of the government planning approval delays that hampered residential sales increased stock availability at the end of the year. The rezoning approvals of Izinga and Kindlewood in December, combined with an excellent market response to the launch of Izinga boosted the performance of the residential portfolio at the end of the period.

Prospects

Market conditions remain positively influenced by a strong and stable economy, pent up demand, relatively low interest rates and exciting new developments in the greater Durban area, such as uShaka Marine World, Sibaya, Sun Coast, 2010 World Cup, the Dube Tradeport and King Shaka International Airport.

With approvals for key developments and increased stock levels in place, progress on government agreements regarding infrastructure investment to unlock economic growth and facilitate affordable housing and continuing strong market demand for its developments, Moreland is poised to continue on its growth path to unlock substantial value from Tongaat-Hulett's land holdings.

CONTINUING ON ITS GROWTH PATH, HULAMIN PREPARES TO SET ITS COURSE AS A LISTED COMPANY

Hulamin continues to carve out a unique niche among the major global producers for high value aluminium rolled and extruded products. Building on the loyalty of its growing customer base, Hulamin's journey of improvement continues, in product mix, increasing capacity utilisation and cost controlling actions, to deliver improving financial performance. The approval in October of a R950 million project to increase capacity and grow volumes of high value products reinforces the growth path through to 2010 and beyond.

Hulamin is a leading, mid-stream aluminium semi-fabricator, purchasing primary aluminium and supplying manufacturers of finished products. Hulamin focuses on high specification, high value products such as thin gauge foils, can end stock, heat treated plate, clad alloys and complex extrusions. These products require high tolerance manufacturing processes and sophisticated technology. Hulamin is able to capitalise on its extensive technology base that has been developed over its sixty year history.

Market Review

Market conditions were affected by a sharp rise in the LME Aluminium price in late 2005 which has continued into 2006 and has had a negative effect on rolling margins and profitability throughout the industry. In spite of the high LME price, global demand increased during the year, particularly in Europe and Asia. In South Africa, consumer spending and the acceleration of infrastructure investment resulted in record sales.

Industry consolidation and plant closures in the premium market sectors where Hulamin is active has reduced the number of competing suppliers with five major multi-nationals controlling over 70 percent of the world capacity. This trend continued with the announced closure late in 2006 of a European rolling mill, a major supplier of can end and tab stock.

Enhancing the Sales Mix

Hulamin has consciously developed and implemented a sales mix optimisation model that continually seeks to shift production to higher margin and more technically demanding products. In these higher value markets, customer's supply choice and market flexibility is limited

by the influence of the major producers. This has resulted in increased customer loyalty for independent rolling mills, particularly those able to supply high specification, tight tolerance products. Consequently, demand for Hulamin's products continues to exceed available capacity and Hulamin is well positioned to sell its full capacity in higher value products, respond to attractive market opportunities and to capitalise on many growth opportunities.

Hulamin continued in 2006 to grow its reputation as a responsive, customer focused, flexible quality supplier to selected markets. These markets offer good growth potential, and include can end and tab stock, clad products and brazing sheet, thin gauge foil and heat treated plate. In 2006, sales of clad and automotive products grew by 98 percent while exports of can end stock grew by 14 percent.

The R950 million expansion project announced in October 2006 represents a major step forward in improving the sales mix. Of the total capital amount, 58 percent will be spent on facilities providing further mix enhancement, most notably increasing volumes of heat treated plate and thin gauge foil. This latest project follows the first phase heat treated plate plant capacity expansion, announced in 2005 and successfully commissioned in 2006.

Growing Volumes

Hulamin has achieved significant growth in recent years, increasing rolled products sales volumes four-fold in the past six years and transforming itself from a regional producer into a respected global supplier. Exports have increased from less than 10 000 tons to over 130 000 tons across 350 customers on all continents.

During the current year Hulamin continued to improve the capacity utilisation in rolled products, growing volumes by 6 percent to 183 000 tons in 2006. Volume increases were achieved despite late ingot deliveries that spilled over from 2005 and a nationwide shortage of LP gas in the last quarter of 2006.

Local market sales remain a key driver of business performance, with growth of 15 percent and 11 percent being achieved in 2006 in the extrusions and rolled products markets respectively. Most sectors in the local market showed good growth, although the distributor and automotive markets were especially notable. Strong performance was also seen in the road transport, packaging and building products sectors during the year.

The volume increases were achieved on the back of ongoing improvements in all operations, particularly hot and cold rolling. The ingot supply shortage from BHP Billiton continued in the first quarter of 2006, resulting in lost production hours in the hot mill, a bottleneck process. Coupled with the shortage of LP gas, which caused major disruptions in the remelt, hot mill and coil coating operations, total production volume of some 5 000 tons of sales was lost in the year.

Capitalising on the benefits of the initial rolled products expansion 42 percent of the current R950 million expansion project will be spent on improving capability and increasing the plant capacity to 250 000 tons. This will be achieved through the purchase of twin-roll casters and capability improvements to the Edendale hot mill and S4 cold mill, as well as the benefit of two new foil mills. Benefits of the project are planned to come on stream in 2009.

Benefits from the commissioning of the expanded plate plant in the third quarter will be felt in 2007, while improvements in the production process of can end stock resulted in throughput rates improving by 22 percent ensuring sufficient capacity to cater for several years of growth.

The extrusion expansions are also progressing well. The expansion of the Midrand plant has enabled strong volume growth, while the commissioning of the powder coating plant in the fourth quarter is a major value prospect for 2007. In the Pietermaritzburg plant, the upgrade to the 3 800 ton press and the remelt was successfully completed for a major automotive contract.

Reducing Costs

Improved plant utilisation offset the major energy and metal related cost increases experienced during the year resulting in unchanged unit costs. The business continues to focus on containing costs in all areas. Significant improvements have been made in the area of metal recovery in the recycling process, while the first phase of energy consumption improvement in coil coating was successfully completed in the last quarter of 2006 and LP gas savings of 15 percent have been recorded. This will be followed by a second phase project in 2007 to reduce consumption by a further 50 percent.

Prospects

Hulamin is a success story in the beneficiation of South Africa's rich natural resources, contributing almost USD150 million per year in added value to the primary aluminium produced in the country. Even more noteworthy is that this beneficiation benefit is achieved in high value, difficult to produce products, where competition from dominant multi-nationals is intense. Hulamin has also contributed significantly to the growth in downstream manufacturing of aluminium products in South Africa, where consumption of its products has grown by more than 50 percent in the past three years.

Benefits are expected in 2007 from further volume growth, improved product mix and cost controlling actions. Specific actions include improvements to wide cold rolling speeds, continued focus on releasing hot rolling capacity, improvements to hard alloy casting throughput and recovery and the implementation of order acceptance and capacity planning software to further reduce inventory and improve on time delivery. Margins are also showing some improvement as customers adjust to the higher aluminium price levels.

SUSTAINABILITY

Good progress continues to be made in the areas of workplace safety, health and environment with some significant achievements made in the year. The trend of improvement in safety performance continued in 2006, with a further decrease in the lost time injury frequency rate to 0,21, from 0,31 in 2005, 0,48 in 2004 and 1,27 in 2003. Regrettably, two fatal accidents occurred during the year, one in Tongaat-Hulett Sugar's Xinavane mill, and one at Hulamin. The Group has a zero fatality target and the incidents were thoroughly investigated with action taken to prevent a recurrence of these types of incidents.

A comprehensive and holistic health programme underpinned by prevention, treatment, care and support is in place at all operations. One of the major challenges remains reducing the impact of HIV and AIDS. Employees are actively encouraged to participate in voluntary counseling and testing (VCT). During the year, 70 percent of employees in South Africa, 54 percent in Swaziland and 23 percent in Zimbabwe underwent VCT, with 390 employees receiving free anti-retroviral treatment, up from the 262 in 2005.

Tongaat-Hulett continues to make good progress in its environmental performance. The principles of ISO 14001 are widely applied, with specific targets being set to facilitate progress in key areas of environmental care and development. Ongoing progress is being made in harnessing the potential of sugar cane as a source of environmentally sustainable energy generation, with new projects, both on electricity generation and biofuel production under investigation. The use of gas as opposed to coal as a source of cleaner energy has also advanced within the Groups' operations.

Tongaat-Hulett is determined to realise value for all stakeholders by performing responsibly in relation to the physical and social environment and acting with the highest ethical and moral standards. The principles of sustainable development and good corporate governance and their integration into all aspects of Tongaat-Hulett's business activities are described in more detail in the sustainability and governance reports included as part of this annual report.

BROAD BASED BLACK ECONOMIC EMPOWERMENT

The group has continued to make good progress on each of the legs of the broad based BEE scorecard. Clearly the major event in the current year has been the finalisation of plans around the introduction of value-added BEE equity participation into Tongaat-Hulett and Hulamin. This process is well advanced, with the selection of the broad based BEE equity partners in both companies having been announced in December. The selected partners have good credentials, with strong ties to the KwaZulu-Natal region.

Tongaat-Hulett values the new dimensions that a diverse human resource base brings to its businesses. A strong employment equity culture has been fostered over many years, and actions are continuing to improve the representation of designated groups, with particular emphasis on Africans, woman and people with disabilities. Currently, almost half of management, and 81,5 percent of skilled and supervisory positions are filled by black employees. Within the South African operations, 58,4 percent of the 562 graduates are black employees, with woman constituting 23,7 percent. Tongaat-Hulett's focus on employment equity resulted in it being placed sixth in the Financial Mail 2006 BEE survey for employment equity.

BEE procurement is one of the key legs of the broad based BEE scorecard, as it is the mechanism through which benefits flow through the value-chain. The Group is putting plans in place to begin measuring its suppliers on the principles outlined in the DTI scorecard. Currently over 400 BEE suppliers supply Group operations, with a total spend of R919 million, which is an increase on the R867 million spent in 2005.

Programs are in place to encourage the development of small black owned business, including mentorship programs, and the sponsorship of training for emerging black maize farmers.

CONCLUSION

The unbundling and listing of Hulett Aluminium from the Tongaat-Hulett Group will provide direct access to two attractive investment vehicles, with clear information on their operations and prospects.

The unbundling enhances Tongaat-Hulett's value proposition as an agri-processing business which includes integrated components of land management, property development and agriculture and creates opportunities to further enhance operating performance and improve delivery on growth projects already underway.

Key focus areas for the forthcoming year in Tongaat-Hulett will be the acceleration of the R1,3 billion Mozambique expansion and the unlocking of the synergies between the Hippo Valley and Triangle operations.

The value optimisation and management of its agricultural land holdings are central to the success of Tongaat-Hulett's agri-processing activities. Tongaat-Hulett has developed the necessary portfolio of skills which allows it to manage the essential agricultural activities required to sustain its agri-processing businesses and to optimise the timing of decisions to develop agricultural land under pressure from tourism and urban expansion.

Hulett Aluminium provides investors with a unique investment opportunity in a focused aluminium semi-fabricator company in a market where the concentration of ownership in global manufacturers is resulting in an increasing commitment from customers to support independent rolling mills. Hulett Aluminium's stature as a customer focused, reliable supplier will ensure it is well positioned for further growth.

The fundamental profit drivers remain in place in both Tongaat-Hulett and Hulamin. Profit from operations of both these entities is expected to grow in the year ahead.

ACKNOWLEDGEMENTS

It is appropriate for me at this point to pay tribute to the employees of the Tongaat-Hulett Group and to thank them for their continuing dedication and commitment. Working together we have established a competitive platform that will stand us in good stead into the future.

The support and advice that our team has received from the Chairman, Cedric Savage and the board is highly valued. The Tongaat-Hulett Group has benefited from their wise counsel and depth of experience over a number of years.

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

16 February 2007

SUSTAINABILITY REPORT 2006

The Tongaat-Hulett Group views the components of triple bottom line sustainability as integral to its business and constantly strives to create value for all its stakeholders, and to promote the upliftment and socio-economic development of the communities in which it operates. Its objective is to maintain this momemtum in all facets of its business and to continuously work towards creating a solid basis for expanding its sustainability activities.

Processes and programmes designed to enhance the Group's performance in the areas of broad based Black Economic Empowerment (BEE), safety, health and environment are reviewed on an ongoing basis by the board. Employment Equity and Safety, Health and Environment committees exist within the company and details of these committees, which are chaired by the CEO, and their relevant terms of reference, are set out in the corporate governance section and should be read in conjunction with this report. In addition, there are action groups for black economic empowerment and enterprise development, corporate social investment and human resources development.

During the year the company was included in the 2005 JSE Limited's Social Responsibility Investment index for the third year in a row. The index focuses on adherence to the triple bottom line principles of environmental, economic and social sustainability. The inclusion in the 2005 index once again recognises and provides an important benchmark for the Group's sustainability initiatives.

Sustainable development achievements in 2006 include:

- The announcement of broad based BEE equity participation in both Tongaat-Hulett and Hulett Aluminium
- Being ranked 6th overall in the Financial Mail's 2006 BEE survey on Employment Equity
- Decrease in LTIFR (Lost Time Injury Frequency Rate) to 0,21 in 2006, an improvement from 0,31 in 2005 and 0,43 in 2004
- All South African and Swaziland sugar operations achieved ISO 14001:2004 certification
- Tambankulu Estates in Swaziland has retained its NOSCAR status (NOSA's premier safety award) and was named amongst the Top 100 companies in SHE performance at the National Occupational Safety Association (NOSA) International Awards
- The Felixton mill, Voermol, the Sugar Refinery and the Amatikulu mill achieved a 5 Platinum Star rating on the NOSA Integrated SHE management system
- Increased spend on Corporate Social Investment (CSI) which amounted to R 6,8 million
- A record 70% of South African based employees participated in Voluntary Counselling and Testing (VCT) for HIV and AIDS.
- Increased training and development spend on employees at all levels
- The Sugar Refinery received a silver award for Waste Management from the Institute of Waste Management of Southern Africa whilst the Darnall and Maidstone mills received bronze awards, and the Amatikulu and Felixton mills received merit awards.

The Group values its ongoing engagement with a diverse stakeholder base and ensures that stakeholder engagement is structured and constructive. Highlights of stakeholder engagement for 2006 include extensive interfaces with shareholders, government authorities and regulators, the investment community, local communities, customers, suppliers, employees and unions.

SAFETY

Substantial improvements have been achieved in safety performance over the past few years with a decrease in the LTIFR to 0,21 in 2006, an improvement from 0,31 in 2005, 0,48 in 2004 and 1,27 in 2003. LTIFR is the number of lost time injuries per 200 000 hours worked and includes all restricted work cases. The greatest progress was experienced in Tongaat-Hulett Sugar where the LTIFR reduced to 0,18 in 2006 from 0,24 in 2005 and 0,43 in 2004. In line with the Group's objective to continually improve safety performance, a further reduction in LTIFR is targeted.

Regrettably, the Group experienced two fatalities in 2006. At the Xinavane Sugar mill in Mozambique an employee was fatally injured by being crushed against the tail pulley of a conveyor belt in the bagasse transfer area. At Hulett Alumium an employee was fatally injured when he was struck by a forklift at the Camps Drift plant. These fatalities were rigorously investigated and action taken to ensure that there would not be a recurrence of these type of incidents. In accordance with standard practice, the details of the incidents and the findings have been widely disseminated throughout the Group to increase awareness.

The continued focus on behaviour based safety systems, visible felt leadership, hazard identification and risk assessments, internal audits, management reviews, third party safety and entrenched safety rules to ensure optimum workplace safety, have proven to be beneficial.

Behaviour Based Safety

The company's operations are at various stages of implementing proactive safety culture transformation processes commonly referred to as behaviour based safety systems which are aimed at transforming at risk behaviour to a work culture with a high level of safety responsibility and accountability. Hulett Aluminium and African Products are well advanced in the implementation of behaviour based safety programmes. Tongaat-Hulett Sugar started the implementation process in the last quarter of 2006 and will continue the roll out into 2007. The programme includes the establishment of steering committees, completion of a perception survey, site assessments and the appointment of champions, coaches and assessors. This programme is a long term process requiring support, involvement and commitment at all levels.

Visible Leadership

Management are encouraged to demonstrate visible leadership in safety, health and environmental issues. Senior managers inspect the scene where fatalities, lost time injuries and other safety related incidents have occurred and participate in thorough investigations and actions to prevent a recurrence. Management's visible involvement in assessing compliance with safety, health and environment (SHE) rules, standards and procedures on the shop floor has been stepped up. Actions include internal and external SHE audits, safe behaviour reinforcement, corrective and development coaching, planned job observations, job safety analysis and critical task identification.

Risk Assessments

In accordance with the relevant risk assessment processes, high impact SHE risks have been identified and assessed on a group wide basis. The risks include areas such as motorised transport, fire, explosion, air emissions, noise, HIV and AIDS. Contingency plans are in place to address and mitigate these identified risks.

Leading Practices

Benchmarking is used to measure standards against leading best practice. Relevant information and experience is shared across the operating companies and Group SHE committee meetings are used as one of the vehicles to promote the implementation of leading practices and shared learning. Inter-operational site visits form an integral part of the shared learning process whereby management teams have the opportunity to gain first hand information on SHE practices and access to innovative ideas. Incident learnings are also shared across the company.

HEALTH

Tongaat-Hulett values its employees, and their health is a priority. Occupational and primary health care programmes are provided at company clinics, first aid centres and at the high quality company hospital in Zimbabwe. Health care programmes include risk assessments and control measures, hygiene surveys and medical surveillance. Management in each of the operations is required to ensure that all legal requirements are complied with, and where legislation does not exist, leading practices identified and implemented.

HIV and AIDS

The Group acknowledges the enormity of the HIV and AIDS pandemic and its potential impact on the South African economy. The company has adopted a board approved HIV and AIDS policy, which encourages training and education, voluntary counselling and testing, and ensures fair and non-discriminatory employment practices for those affected by the disease.

The company continues to encourage employees to participate in voluntary counselling and testing (VCT), setting participation targets in this regard. During 2006, 70 percent of the employees in South Africa, 54 percent in Swaziland and 23 percent in Zimbabwe have presented for VCT. In Mozambique HIV and AIDS programmes including VCT continue to be enhanced in conjunction with the government of Mozambique.

The company's Anti-Retroviral Treatment (ART) programme is progressing favourably with 390 employees (124 in South Africa, 60 in Swaziland and 206 in Zimbabwe) currently receiving ART. In 2006, R783 000 was spent on ART programmes compared to R631 000 in 2005.

Successful wellness programmes, linked to wellness days, and medical surveillance were held in South Africa. The key components of these wellness programmes include healthy lifestyle education and personal health assessment, including VCT. Additional strategies will be implemented that will encourage a further increase in the number of employees presenting for VCT in 2007.

Occupational Diseases

Active steps have been taken to eliminate occupational diseases with particular reference to noise induced hearing loss, occupational diseases such as asthma and dermatitis. Occupational health audits have been conducted at all operating companies during the past two years. Priority risks have been identified, appropriate targets set, action plans developed and programmes implemented. Further occupational health audits are planned for 2007, building on the solid platform that has been established.

Malaria

Malaria remains a significant health risk in the Mozambique, Swaziland and Zimbabwe operations. The number of malaria cases in 2006 was 348 in Mozambique, 19 in Swaziland and 46 in Zimbabwe. Ongoing preventative measures are in place, with the key elements being vector control with insecticides, prevention of mosquito bites with personal protective measures and pro-active recognition, diagnosis and treatment of established cases of malaria.

ENVIRONMENT

The Group seeks to responsibly manage natural resources and reduce waste generation. Research is regularly undertaken to measure and monitor the impact of its operations on the environment and implement systems to ensure that resources are used in a sustainable manner.

Policies and practices are in place in South Africa, Zimbabwe and Swaziland to ensure operations are managed within statutory and legal parameters as well as within self-imposed targets. In Mozambique, policies are being developed in line with local standards or in advance of local standards where these are deemed inappropriate.

Identifying and managing environmental risks is an ongoing process, with appropriate action taken to either eliminate or minimise the risks concerned. An integrated policy has been implemented for safety, health and environment, which is aligned to the requirements of ISO 14001, OHSAS 18001 and NOSA. Specific targets are set in line with the ISO 14001 requirements, which facilitate meaningful progress towards leading practice in sustainable development. Significant progress was made during 2006 with the recording of environmental data on primary water use, energy use, greenhouse gas emissions, air quality (SO2 emissions), land use and bio diversity. Further progress is planned in 2007 and steps are being taken to gather baseline data and explore setting specific and measurable targets in some or all of those areas.

Moreland's approach to development is conceptualised and implemented around a sustainable development philosophy, which at its core, is aimed at achieving an appropriate balance between economic development, environmental conservation and social upliftment. During

the year, Moreland, in conjunction with the Wildlands Conservation Trust and the local community, rolled out its 'treepreneurs' program to propagate and plant indigenous trees in the Waterloo township west of Umdloti. It is also incorporating the World Wildlife Fund for Nature's 'One Planet Living' program, and particularly the carbon aspects, in the planning of the Sibaya node at Umdloti.

Air Quality

Since sugar mills burn bagasse as a fuel, the flue gases from the boilers do not contain harmful levels of contaminants. Wet scrubbing technology is used where necessary to remove fly-ash from the flue gas to ensure that emissions meet the required standard. The central sugar refinery in the Durban South Industrial Basin burns coal as a boiler fuel and therefore has a greater challenge in terms of emission reduction. Relevant environmental authorities are consulted on a regular basis. Initiatives currently underway to improve operating efficiencies and minimise emissions include a procurement drive to source low-sulphur coal for reduced sulphur dioxide (SO_2) emissions and a R43 million complete refurbishment of the boiler plant. The project is progressing on target and public complaints have reduced. A follow-up project is being developed for initiation in 2007, to install additional emission reduction plants, that will achieve further improvements in boiler flue gas quality.

As part of its holistic Air Quality Management plan, Hulett Aluminium continues to conduct isokinetic stack surveys in terms of the Atmospheric Pollution Prevention (APP) Act to monitor chlorine, hydrochloride and particulate emissions.

African Products continued its drive to reduce nuisance odours from it's process by converting the drying of Gluten Feed from coal fired heaters to gas fired heaters at it's Germiston Mill. This initiative has significantly improved the quality of the air emitted by the process.

Energy

The process of sugar production has a net favourable greenhouse impact. The sugar cane plant represents a fully renewable energy source since its biomass is generated in the field via uptake and conversion of carbon dioxide (CO_2). Energy consumed, and therefore CO_2 released, by sugar factories is obtained by burning the fibrous residue of the sugar cane plant commonly referred to as bagasse. Bagasse is burnt as a fuel in boilers to produce steam and generate electricity for the sugar mills, making them largely self-sufficient in energy terms and reducing dependence on fossil fuels. Coal is used as a primary fuel at the central refinery, which does not have a bagasse fuel source. A small amount of coal is burnt as a supplementary fuel at the sugar mills. Tongaat-Hulett Sugar mills routinely generate renewable electricity for sale into the national grid. Two of the mills sell this electricity to a "green" electricity trader, for resale as certified renewable electricity to consumers. Discussions are under way with national government to facilitate a market for large-scale cogeneration of renewable electricity by the sugar industry.

In addition to the conversion of the gluten feed dryer at African Products' Germiston mill to gas, one boiler at Germiston is running on gas. These conversions have significantly reduced emissions from the mill. With the escalating price of coal, further investigations are underway to explore greater use of gas.

The automation and optimisation of burners to reduce energy consumption at Hulett Aluminium's Edendale recycling facility has been completed. The tracking of energy usage as a baseline from which annual improvement targets are set has commenced. The current scope includes electricity, Liquid Petroleum Gas (LPG) and Heavy Fuel Oil (HFO) as energy sources.

Water conservation

The sugar cane plant comprises 70 percent water and sugar mills are therefore net producers of water. Water is consumed in various forms, with the largest user being the agricultural operations of Tongaat-Hulett Sugar. Most of the sugar cane processed in South Africa is dryland cane, which is dependent on natural rainfall, although a proportion is irrigated. In Zimbabwe, Mozambique and Swaziland, large-scale irrigation is practised via purpose-built canal systems with water extracted from rivers. The management of these canals and irrigation systems is in keeping with the highest agronomy and safety standards.

At African Products, water usage is monitored on a daily basis and optimised to run at world standards for wet-milling.

Hulett Aluminium has embarked on a drive to eliminate water wastage arising from leaks in the main ring and subsidiary pipelines. A project to replace ageing water pipelines is 80 percent complete and three water meters have been installed to measure monthly usage.

Effluent

To minimise the quantity of liquid effluent leaving each mill or plant, a "zero effluent" philosophy has been adopted by several operations. Sugar mills recycle and re-use water within the factory, while the remaining effluent undergoes biological treatment (aerobic and anaerobic) to reduce its chemical oxygen demand to acceptable levels before discharge. Water that is produced as part of the sugar milling process is used for irrigation of sugar cane on adjacent estates.

African Products' effluent is treated at local authority treatment plants, with constant monitoring of effluent quality being carried out.

Waste

Some operations have re-engineered and refined services to reduce waste and increase resource productivity over the last few years. These initiatives have yielded significant savings offering new revenue streams from the sale, exchange and recycling of by-products. Specific projects in 2006 included oil re-use, recycling and re-use of waste products and improvements in dross processing resulting in the recovery of aluminium metal from dross and the reduction in waste.

Tongaat-Hulett Sugar participated in the Institute of Waste Management of Southern Africa's Waste Management Awards. The Sugar Refinery received a silver award. The Darnall and Maidstone mills received bronze awards, whilst the Amatikulu and Felixton mills received merit awards.

African Products has begun trial work with a cellulose based filter-aid, which eliminates the need for waste disposal of the spent filter material from it's glucose refining process.

Food Safety

Tongaat-Hulett continues to manage its maize requirements on a non-genetically modified basis using a sophisticated identity preservation system. This ensures the company's ability to meet the needs of its customers in the food industry. In addition, ongoing attention is paid to the requirements of ISO 9001 and the Hazard Analysis Critical Control Point system (HACCP) and ISO 22 000 in terms of quality and food safety standards.

Environmental Compliance

There were no material incidents, fines or non-monetary sanctions for non-compliance with applicable environmental regulations during the year under review.

THIRD PARTY CERTIFICATIONS

All Tongaat-Hulett Sugar's operations in South Africa and Swaziland are ISO 14001 certified and the Mozambique and Zimbabwe operations are targeting certification in 2007. All sugar operations in all countries have achieved star ratings under the National Occupational Safety Association (NOSA) integrated safety, health and environment management system. Tambankulu Estates in Swaziland has retained its

NOSCAR status (NOSA's premier safety award) for the fourth consecutive year, and was recognised for SHE excellence and named as a Top 100 company in SHE performance at the NOSA International Awards Presentation. The Felixton mill has retained its 5 platinum star rating for the third year and the Maidstone mill and Voermol have achieved 5 star ratings for the second year. The Sugar Refinery and the Amatikulu Mill have achieved 5 Platinum Stars for the first time in 2006. Three of the other operations achieved four star ratings and two achieved three stars.

Hulett Aluminium Rolled Products and Moreland have retained their ISO 14001 certification, with Moreland being the first certified major land developer in Southern Africa. The African Products Germiston, Meyerton and Bellville mills are ISO 14001 certified and the Kliprivier mill is targeting certification in 2007. All the African Products mills have been certified under the Occupational Health and Safety Assessment Series (OHSAS) 18001 except the Bellville mill, which is aiming for certification in 2008. Hulett Aluminium has successfully completed the first "readiness audit" of a two-phase audit process for OHSAS 18001. The final certification will be undertaken in 2007.

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

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

PEOPLE DEVELOPMENT

Superior performance is key to success in a challenging business environment. Programmes are in place at all operations as part of the Group-wide commitment to attract, develop and retain valuable skills. Performance and talent management processes establish clear roles and responsibilities, performance reviews, performance ratings, assessment of future potential and action plans to enhance performance. Competency gaps and individual training and development needs are identified and action plans implemented to address these needs. These plans are linked to company workplace skills plans.

Issues that have received particular attention during 2006 include a further strengthening of performance and talent management. Action plans continue to be developed to address the needs of high performing and highly talented individuals and to deal with performance issues in cases where the high standards being set are not achieved. It is planned to continue strengthening training and development practices at all levels including supervisory, management and leadership development, learnerships, in-service training, operator training and general skills development of shop floor employees. The implementation of coaching and mentoring processes is making satisfactory progress.

One of the major challenges is to recruit, develop and retain key skills in an environment of fierce competition for scarce talent. In this regard, there is a need to ensure an appropriate pipeline of skilled people to meet future skills requirements and for succession planning purposes. To support this objective, innovative recruitment strategies are being used which include the use of psychometric assessments and web based recruitment.

Bursaries, scholarships, trainee programmes and learnerships are sponsored by the Group to assist with sourcing and developing bright young minds in anticipation of future skills requirements. To support this programme, strong partnerships have been formed with select educational institutions. Workplace skills plans and implementation reports are submitted to the relevant Sector Education and Training Authorities (SETA) on an annual basis. More than 3 096 employees participated in training programmes in the South African operations during 2006 and 201 employees participated in the Group's study aid scheme, which is aimed at assisting employees with part time tertiary education.

The number of learners, trainees and bursars has been increased and there are 34 learnerships, 32 in-service trainees and 6 company sponsored bursaries throughout the Group.

It is planned to increase the number of learnerships, in-service trainees and bursaries to ensure a steady intake of young talent into the talent pipeline to meet future needs. At the same time an appropriate racial and gender composition will be ensured.

Intellectual Property

Tongaat-Hulett's intellectual property is protected through employment contracts and confidentiality agreements with external parties. These agreements establish ownership of and rights to innovations and inventions resulting from any dealings with the Group. In Tongaat-Hulett Sugar a portfolio of patents is managed by a knowledge management specialist in consultation with patent attorneys. Protection of patentable ideas is achieved by taking out provisional patents immediately, with targeted national and international patenting. Knowledge Mapping, a proprietary software system that captures the combined knowledge of the organisation on specific products or subjects, is extensively applied at Hulett Aluminium to assist in the management of intellectual property.

BROAD BASED BLACK ECONOMIC EMPOWERMENT

Transformation and the creation of a diverse employee profile remains a key performance area and the Group's track record has been outstanding. Steps are being taken to ensure that processes and measurements within the Group are aligned with the relevant regulatory requirements and the Department of Trade and Industry's Codes of Good Practice. Where applicable, operations are involved in the formulation and/or implementation of relevant industry/sector scorecards.

Employment Equity

A strong employment equity culture has been entrenched throughout the Group with almost half of the permanent employees at management level and 81,5 percent of skilled and supervisory positions comprising black incumbents. Throughout the South African operations 58,4 percent of the 562 graduates and diplomates comprise black employees with women constituting 23,7 percent. The Group was ranked sixth overall for employment equity in the Financial Mail 2006 BEE Survey. Concerted steps will continue to be taken across operating companies to expand the racial and gender mix at every level with focused attention on African and female advancement, and representation of persons with disabilities.

Employment equity targets have been set and action plans are being implemented to ensure that these targets are met. These plans include targeted recruitment and placement, talent and performance management, training and development, coaching and mentoring and managing cultural diversity.

In accordance with the Employment Equity Act No. 55 of 1998, employment equity reports are submitted to the Department of Labour on an annual basis. In 2006

Occupational Levels	Designated								Non-designated			Total
	Male			Female				*Total	White Male	Foreign Nationals		
	A	C	I	A	C	I	W	A,C,I	W	Male	Female	
Top management	5	0	1	0	0	0	0	6	18	0	0	24
Senior management	21	6	22	4	2	5	5	60	95	3	1	164
Professionally qualified and experienced specialists and mid-management	84	15	99	15	3	14	40	230	157	1	3	431
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendent	603	113	508	143	27	77	114	1 471	245	2	2	1 834
Semi-skilled and discretionary decision making	1 727	109	421	165	20	34	23	2 476	17	1	1	2 518
Unskilled and defined decision making	1 044	0	28	326	0	2	0	1 400	0	0	0	1 400
Total permanent	3 484	243	1 079	653	52	132	182	5 643	532	7	7	6 371
Non-permanent employees	196	8	14	30	0	2	3	250	21	0	0	274
Grand total	**3 680**	**251**	**1 093**	**683**	**52**	**134**	**185**	**5 893**	**553**	**7**	**7**	**6 645**

Note: A = African C = Coloured I = Indian W = White

* The column headed Total A,C,I has been added for clarity.

each of the four operating companies of the Group submitted the required reports directly to the Department of Labour and a separate submission was also made in respect of the Group's corporate office based at Amanzimnyama. In addition, a consolidated submission for the Group as a whole was made. The latter submission consisted of an aggregation of the four operating company submissions and the corporate office submission. In terms of section 22 of the Act, the Group is required to publish a summary of its employment equity report in the Group's Annual Report in the format of the table on the previous page. The table, which reflects the employee profile of the Group's South African operations, formed part of the consolidated Group report submitted to the Department of Labour in 2006. In accordance with the requirements of the Act, temporary employees who are employed for more than 24 hours per month or for more than 3 continuous months have been included as permanent employees in the table.

The overall proportion of blacks in management as at 31 December 2006 was 49,3 percent of permanent staff at this level, compared to 48,2 percent in the previous year. The following table reflects a year on year comparison of black employee representation in proportion to permanent staff at various levels across the Group excluding seasonal employees and temporary employees who do not enjoy permanent staff status within the Group.

	2005	2006
Top management	25%	25%
Senior management	37%	38%
Middle management	54%	55%
Skilled and supervisory	79%	82%

As at 31 December 2006, there were a total of 54 employees with disabilities within the company, which constituted 1,0 percent of permanent staff.

The Group has always maintained a constructive relationship with unions, and a general climate of industrial peace has prevailed over the past few years. Operating companies have recognition agreements with 7 different unions and approximately 60 percent of permanent employees in South Africa are members of unions.

Preferential Procurement

The objective of BEE preferential procurement is to assist in the promotion of black businesses by ensuring that black suppliers have access to the Group's supply chain and that procurement is consistent with government strategy on broad based Black Economic Empowerment. The Group awaits the finalisation of the DTI Codes of Good Practice and the relevant scorecards with the intention to comply with Government's initiatives.

In 2006, BEE procurement spend was measured across all operating companies and grouped into three categories - capital equipment, consumables (including raw materials) and services. Over 400 BEE enterprises supply the Group and their BEE status is reviewed on an ongoing basis. Support is provided to BEE companies to improve their prospects of participating in procurement opportunities. This includes pre-tender coaching to enable BEE companies to fully respond to tender requirements. In addition, non-BEE suppliers are encouraged to embark on their own BEE initiatives and their ratings are used as one of the criteria in decisions to award tenders. The creation of these business linkages forms part of the overall preferential strategy to broaden the BEE base and transfer of skills.

The total BEE procurement spend for 2006 of R919 million represents 28 percent of total available spend, an increase on the previous year's spend of R867 million. Available expenditure is defined as total procurement spend, less spend on parastatals, key raw materials, inter-company transfers and imported expenditure on goods not available locally.

Major components of the BEE procurement spend during the year include R227 million of sugar cane purchases from historically disadvantaged individuals. This represents about 20 percent of Tongaat-Hulett Sugar's total cane procurement in South Africa. Other major BEE spend initiatives during the year included R43 million for the haulage of Tongaat-Hulett Sugar's products, R28 million paid by Moreland to Afriscan construction, largely relating to development work at RiverHorse Valley Business Estate, Felixton Housing project and Umhlanga Ridge Town Centre and R11 million paid to Grinaker LTA/SMC venture for the work done at Zimbali Coastal Estate.

At Hulett Aluminium major BEE spend included R104 million with UTI, R41 million with Sebenza Forwarding for clearing and forwarding of export and import products and R64 million with Masana Petroleum for gas supplies.

Enterprise Development

Tongaat-Hulett has a track record of building major businesses. Enterprise development has occurred, for example, through the sale of businesses to new black shareholders. Major successful BEE transactions concluded by the Group included the sale of Supervision

Food Services, Corobrik Klerksdorp Brick Factory and Hulett-Hydro Extrusion's conductor and wire business.

Hulett Aluminium's targeting of Black owned and specifically 100% African owned entities is directly aimed at supporting and developing local black and African entrepreneurs. In circumstances where necessary, support is provided, with technical and commercial assistance in the development of products and services by BEE entities to meet Hulett Aluminium's requirements. Early payments are effected in some instances in a managed manner to assist with cash flow to deserving BEE entities. BEE champions are in place to assist with identifying potential BEE suppliers as well as potential BEE spend. All commercial relationships are managed in compliance with company policies and procedures.

The Group has sold some 11 871 hectares to 98 BEE medium scale farmers since the commencement of its programme in 1995 to transfer sugar cane farms to previously disadvantaged emergent farmers. This land redistribution programme forms a major component of the Group's Black Economic Empowerment Programme and is supported by the Department of Agriculture, the Department of Land Affairs and the Sugar Industry. The sale of farms to medium scale farmers equates to about 50 percent of the company's land holdings in South Africa, compared to the government's target of 30 percent for transfer to black farmers by 2015.

In addition to the mentoring and support services provided to emergent farmers, Tongaat-Hulett Sugar plays a leading role in the land reform initiative (Inkezo) of the South African Sugar Industry and cane procurement initiatives from small and medium scale growers in Zimbabwe and Mozambique.

African Products is involved in the development of black farmers through participation in the Buhle Farmers Academy, which focuses on the training of emerging farmers. The first procurement of maize from emerging black farmers has the potential for growth as more black farmers participate in agriculture. African Products has implemented a mentorship programme for small black owned businesses, with previously disadvantaged maize transporters being trained to acquire relevant skills in running small enterprises.

Moreland has worked together with the eThekwini/Durban Municipality in public private partnerships such as Ushaka Marine World and the

VALUE ADDED ANALYSIS

for the year ended 31 December 2006

Rmillion	2006	2005
Revenue	7 848	6 926
Bought-in materials and services	(5 766)	(5 156)
VALUE ADDED BY OPERATIONS	2 082	1 770
Dividends and other income	216	186
Exceptional items	26	6
TOTAL VALUE ADDED	2 324	1 962
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	1 014	954
TO PAY PROVIDERS OF CAPITAL	551	345
Interest on borrowings	45	98
Dividends to ordinary shareholders	506	247
TAX	269	162
RE-INVESTED IN BUSINESS	490	501
Depreciation	272	265
Retained earnings	218	236
	2 324	1 962

Durban Point Waterfront development. These joint initiatives continue with the expansion of RiverHorse Valley Business Estate and Bridge City commercial development.

Corporate Social Investment

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

Funds to the value of R2,3 million were directed at education of which R411 000 was used to support community education facilities, programmes at secondary and tertiary education level, bursaries and scholarships. Amongst others, some of the organisations that also benefited from the company's investment in education were the Ethembeni Educational and Training Trust, which is a school for students with physical disabilities, and the Programme for Technological Careers (PROTEC), which received R350 000 and R160 788 respectively. An amount of R1,4 million was spent on in-service traineeships for students who require practical training as part of their tertiary education courses. In addition to the R5 million donated previously to the Business Trust, a further R2,2 million was donated during 2005 to support the community projects in which the Trust will be involved until December 2009.

Community development and charity projects benefited from contributions of R1,3 million. The donation of funds to worthy projects is complemented by expertise made available by company management. Where appropriate, CSI initiatives are linked with business objectives through a corporate social partnership approach, to ensure that the Group's involvement is in line with community priorities.

The total CSI spend for the year ending 31 December 2006 including the cost of in-service trainees and a prorata portion of the Business Trust donation in 2005 amounted to R6,8 million which is in line with the Group's commitment to allocate at least one percent of headline earnings to CSI on a Group-wide basis.

CORPORATE GOVERNANCE

The Tongaat-Hulett Group is committed to upholding the principles of the Code of Corporate Practices embodied in the 2002 King Report and views the implementation of good corporate governance practices as integral to its business. It recognises the need to conduct business with openness, integrity and accountability, and to provide timeous, relevant and meaningful reporting to all stakeholders. The board of directors believes that it has complied, in all material respects, with the provisions of the King Report during the period under review.

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

BOARD OF DIRECTORS

The Board Charter, which forms part of the Corporate Governance Manual, records the board's continued objective to provide responsible business leadership with due regard to the interest of shareholders and other stakeholders, including present and future customers, suppliers, employees, as well as the community and the environment within which the Group operates. The Board Charter also sets out its mission, and the fiduciary duties and responsibilities of individual directors toward the company.

The Board Charter further addresses the approval of strategy and policies, as well as the selection and orientation of directors. In assisting the board to discharge its duties, board committees have been established which provide, through transparency, disclosure and review, the assurance that operational performance and risk management are monitored. In this regard there is also a record of matters specifically reserved for the board's decision.

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

The roles of Mr C M L Savage as an independent non-executive Chairman and Mr P H Staude as the Chief Executive Officer are separate with a clear division of responsibilities. In accordance with the company's articles of association, directors are subject to retirement by rotation at intervals of three years. Retiring directors may be re-elected at the annual general meeting at which they retire. New directors may only hold office until the next annual general meeting, at which they will be required to retire and offer themselves for re-election. There are no term contracts of service between any of the directors and the company or any of its subsidiaries.

The board of directors is responsible to shareholders for the performance and the affairs of the company, retaining effective control over the company and giving strategic direction to management. The levels of authority delegated to management are approved by the board and are clearly recorded in the Authorities Framework contained in the Corporate Governance Manual, which is utilised by all companies within Tongaat-Hulett.

The board normally meets at least six times a year, with special/additional meetings convened as circumstances dictate. Comprehensive board documentation is prepared and distributed in advance of each meeting. All directors have access to appropriate information and to the advice and services of the Group Secretary. Independent professional advice is available to directors in appropriate circumstances at the company's expense.

Attendance of current directors at board and committee meetings during the year ended 31 December 2006

Director	Board		Audit & Compliance Committee		Remuneration Committee	
	A	B	A	B	A	B
D D Barber	7	3				
P M Baum	7	6			3	3
I Botha	7	4	3	2		
L Boyd	7	6			3	3
E le R Bradley	7	6	3	3	3	3
B E Davison	7	5				
B G Dunlop	7	7				
A Fourie	7	7				
G R Hibbert	7	6				
M W King	7	6	3	3		
G P N Kruger	7	7				
J B Magwaza	7	6				
M Mia	7	6	3	3		
M H Munro	7	7				
T H Nyasulu	7	7				
S J Saunders	7	7				
C M L Savage	7	7			3	3
M Serfontein	7	7				
P H Staude	7	7				
R H J Stevens	7	5				
A M Thompson	7	6				

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

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

BOARD COMMITTEE STRUCTURES AND RESPONSIBILITY

In accordance with its Charter, the board has approved and delegated authority for specific matters to various committees, all of which have formal terms of reference. Through regular reporting by the committees, the board is able to monitor, inter alia, key risk areas and non-financial aspects relevant to the company's various businesses. The formal terms of reference and the delegated authority regarding each committee are set out in the Corporate Governance Manual.

Executive Committee

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

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

Audit and Compliance Committee

The Audit and Compliance Committee comprises non-executive directors, the majority of whom are independent. The members possess the necessary expertise to direct the committee constructively in the execution of its responsibilities. The current members are E le R Bradley (Chairman), I Botha, M W King and M Mia. The Chief Executive Officer, P H Staude; the Group Financial Director, M H Munro; the Internal Audit manager, M M Jean-Louis and representatives of the internal and external auditors attend by invitation. The Group Secretary, M M L Mokoka, is the secretary for this committee. The committee normally meets three times a year.

The Audit and Compliance Committee's terms of reference, which have been approved by the board, include financial reporting and operational matters such as the monitoring of controls, loss prevention, litigation, reputational issues, and JSE, statutory and regulatory compliance matters. In addition, the committee is responsible for ensuring that there is an effective risk management process and receives regular confirmation of the various ongoing risk management activities. Each operating company has its own audit committee, which subscribes to the same Group audit philosophies and reports to the Group Audit and Compliance Committee.

The committee provides a forum through which the external and internal auditors report to the board. It is responsible for the consideration, appointment and review of external and internal auditors, the maintenance of a professional relationship with them, reviewing accounting principles, policies and practices adopted in the preparation of public financial information and examining documentation relating to the interim and annual financial statements. In addition, it reviews procedures and policies of internal control, including internal financial control and internal audit reports. The adequacy and capability of Tongaat-Hulett's external and internal audit functions are also subject to continuous review.

The external and internal auditors have unrestricted access to members of the Audit and Compliance Committee and its Chairman at all times, ensuring that their independence is in no way impaired. Both the internal and external auditors have the opportunity, at each of the meetings, of addressing the committee and its Chairman without management being present.

The Audit and Compliance Committee determines the purpose, authority and responsibility of the internal audit function in an Internal Audit Charter, which has been approved by the committee and the board. The charter sets out the terms of reference of Tongaat-Hulett's internal audit function, its reporting line to the Chairman of the committee and the fact that the internal auditors have unrestricted Group wide access to all functions, records, property and personnel. While the internal audit function has been outsourced to professional firms of public accountants and auditors, co-ordinated by the Group's internal audit manager, the company's independent external auditors do not assist in the performance of any internal audit assignments.

Details of all non-audit services provided by the independent external auditors, are monitored by the committee, to ensure compliance with the Group's policy.

Risk Committee

The board is ultimately accountable for risk management and there is a clear responsibility for risk management by operational managers. Management focuses attention on the identification of major risks, risk reduction actions and the review and auditing of risk control processes. Risk management is a key performance area for line management throughout the Group. Risk Committees have been operational at each of the operating companies and during 2006 eighteen meetings were held at this level. Operating company risk committees report to the Group Risk Committee, which normally meets four times a year. The current members of the Group Risk Committee are M H Munro (Chairman), P M Baum, B G Dunlop, A Fourie, G R Hibbert, M M Jean-Louis, G P N Kruger, S J Saunders, M Serfontein and P H Staude, with the Group Secretary, M M L Mokoka, in attendance.

The Group Risk Committee's terms of reference encompass strategic and business risk management processes, including reputational, compliance, financial and operational risks, which could undermine the achievement of the Group's business objectives.

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

Plans have been formulated and the necessary resources have been identified to ensure the implementation of recovery procedures for all instances where potential risks have been identified as constituting a disaster.

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

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

Safety, Health and Environment Committee

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

The Group SHE Committee reviews the major SHE risks identified by the SHE committees at each of the Group's operating companies and the progress against SHE targets, thus providing a facility for the development of an overall perspective on SHE matters and for the sharing of information and experiences across the Group. It is also a forum for considering, and where appropriate, responding to material national and international regulatory and technical developments in the fields of SHE management.

Employment Equity Committee

The Employment Equity Committee normally meets three times a year. Its current members are P H Staude (Chairman), J Bhana, S Bhyat, N P Dingaan, B G Dunlop, A Fourie, B R Gumede, G R Hibbert, M M Jean-Louis, G P N Kruger, M Mia, M N Mohale, M M L Mokoka, T K Mshengu, N R Nyandeni, S J Saunders and M Serfontein.

The broad composition of this committee ensures that it benefits from Group wide experience and expertise in achieving its objectives. Its main objective is to set targets and review progress on all employment equity related matters, and, where necessary, to make recommendations to the board on the implementation of employment equity policies. These policies are based on equal opportunity for all within a diverse workforce with a substantial number of members of designated groups at all levels. The implementation of these policies is facilitated by appropriate performance and talent management processes, recruitment targets, development and training programmes, coaching and mentoring and innovative management development practices.

These programmes, targets and practices enjoy priority as a key business objective and constitute an integral part of management's performance assessment.

Remuneration Committee

The Remuneration Committee which normally meets three times a year, is chaired by an independent non-executive director and comprises only non-executive directors. The current members are L Boyd (Chairman), E le R Bradley, P M Baum and C M L Savage. P H Staude attends by invitation and M Serfontein is the secretary.

The reward philosophy, which has been approved by the board, is formulated to attract, motivate and retain directors, executives and employees needed to run the Group successfully. The Remuneration Committee is responsible for considering and making recommendations to the board on the policy and on the quantum, structure and composition of remuneration packages of executive directors and senior executives. In addition, it reviews general salary increases for management and the operation of the company's incentive schemes. Independent external studies and comparisons are used to ensure that compensation is market related and linked to both individual performance and the performance of Tongaat-Hulett.

Nomination Committee

The Nomination Committee, which comprises only non-executive directors, meets as required. Its members are L Boyd (Chairman), E le R Bradley, P M Baum and C M L Savage. P H Staude attends by invitation and M Serfontein is the secretary.

This committee's terms of reference ensure that, for board appointments, a rigorous, fair and open nomination and appointment process is established which will provide a balance of appropriate skills, knowledge and experience in the boardroom and support strong corporate performance. The committee makes recommendations to the board, ensuring that there is a diversity of experience and backgrounds to create a cohesive and effective board.

Steering Committee

In February 2006, the board communicated the decision to embark on the unbundling of the Group's 50% interest in Hulett Aluminium to Tongaat-Hulett shareholders, the listing of Hulett Aluminium and the introduction of BEE equity participation in both Tongaat-Hulett and Hulett Aluminium.

The board appointed a Steering Committee, with a mandate to responsibly and timeously oversee the implementation of the transactions so as to optimise the unlocking of shareholder value, and to ensure that all relevant matters are reported to the board for final decision making. The committee met nine times during the year under review. The current members are C M L Savage (Chairman), L Boyd, E le R Bradley, M W King, P M Baum, I Botha, A M Thompson, P H Staude, M H Munro and A Fourie, with the Group Secretary, M M L Mokoka, in attendance.

Advisors attend the meeting by invitation and provide relevant input to the deliberations and key issues relating to the transactions. The Steering Committee also engages with the other Hulett Aluminium shareholders, the Industrial Development Corporation and Anglo American.

ACCOUNTABILITY AND CONTROL

The directors are required by the Companies Act to maintain records and prepare financial statements which fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations for that year, in conformity with International Financial Reporting Standards. The financial statements are the responsibility of the directors and it is the responsibility of the independent auditors to report thereon.

To enable the directors to meet these responsibilities, standards have been set and systems of internal control implemented to reduce the risk of error or loss in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. They are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in an appropriate manner, which is above reproach.

The Group's internal audit function operates independently in all operations to appraise and evaluate the effectiveness of the operational activities and the attendant business risks. Where necessary, recommendations are made for improvements in the systems of internal control and accounting practice based on internal audit plans and reports which take cognisance of relative degrees of risk of each function or aspect of business.

Comprehensive management reporting disciplines are in place, which include the preparation of annual budgets by all operating entities. Individual operational budgets are approved by the operating boards, while the Group budget is reviewed and approved by the Group board. Monthly results and the financial status of the operations are reported against budgets and forecasts and compared to the results of the prior year. Profit projections and cash flow forecasts are regularly updated, taking into account various economic scenarios, and working capital and borrowing levels are monitored on an ongoing basis.

CODE OF ETHICS

The Group has adopted a Code of Ethics, which supports its commitment to a policy of fair dealing, honesty and integrity in the conduct of its business. The Code of Ethics has been actively endorsed by the board and distributed to all employees across all levels in the Group.

Compliance by all employees to the high moral, ethical and legal standards of the Code is mandatory, and if employees become aware of, or suspect, a contravention of the Code, they must promptly and confidentially report it in the prescribed manner. Appropriate action has been taken in respect of all reported instances of non-compliance with the Code by employees.

EXECUTIVE DIRECTORS' REMUNERATION

Basic Salary

The cash package of the executive directors is subject to annual review by the Remuneration Committee and the board, and is set with reference to relevant external market data.

Annual Executive Bonus Scheme

The annual executive bonus scheme is based on a combination of the achievement of targets and a general assessment of the individual's overall performance. These targets include measures of corporate (and, where applicable, operational) performance as well as the achievement of individual targets. Overall safety performance is an important factor in bonus determination.

Share Incentive Schemes

The objective of the share incentive schemes is to strengthen the alignment of shareholder and management interests and assist in the attraction, retention and appropriate reward of management.

Under the Share Appreciation Right Scheme 2005 (SARS), Long Term Incentive Plan 2005 and Deferred Bonus Plan 2005 schemes, executive directors and employees of the company are awarded rights to receive shares in the company based on the value of these awards (after the deduction of employees' tax) when performance conditions have been met, the awards have vested, and, in the case of the SARS, when the share appreciation rights have been exercised.

The primary intent is to settle the awards by acquiring shares in the market and delivering them to the employee. Consequently no dilution of equity is intended. The accounting charges to the income statement required by IFRS 2 Share-based Payment are accounted for as equity-settled instruments. The costs associated with the settlement of awards under the 2005 share schemes qualify for a tax deduction by the company.

Details of the schemes and awards made in 2005 and 2006, after approval by the Remuneration Committee and the board, are detailed in the notes to the annual financial statements. The share incentive scheme in operation prior to 2005 was discontinued in 2005, with the previous awards continuing to run their course and no new awards being made.

Performance conditions governing the vesting of the scheme instruments are related to growth in earnings per share, share price, total shareholder return and return on capital employed, relative to targets that are intended to be challenging but achievable. Targets are linked, where applicable, to the company's medium term business plan, over three year performance periods, with actual grants being set each year considering the job level of the participating employee, their individual performance, and appropriate benchmarks of the expected combined value of the awards.

Other Benefits

Membership of the Tongaat-Hulett Pension Fund is compulsory for all senior management, and pension and life insurance benefits are provided. Other benefits constitute the provision of medical aid, gratuity at retirement and death and disability insurance.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for their services on the Group board, board committees and operational boards. Directors' fees are recommended by the Remuneration Committee and submitted to both the board and the shareholders for approval at each Annual General Meeting.

THIRD-PARTY MANAGEMENT

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

RELATED PARTY TRANSACTIONS

The Group has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in the Tongaat-Hulett Group's annual financial statements fairly represents their shareholding in the company, both beneficial and indirect, interest in share options of the company and the compensation earned from the Group for the financial year. In addition, the directors and key management have confirmed that all interests have been declared.

INSIDER TRADING

No director, officer or employee may deal either directly or indirectly in the company's shares on the basis of unpublished price-sensitive information regarding its business or affairs. In addition, no director, officer or employee may trade in the company's shares during closed periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the company is under a cautionary announcement.

GOING CONCERN ASSERTION

The directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. Financial gearing, cash flows and access to equity and loan capital are considered to be sufficient to fund any chosen opportunities to expand or restructure the business cost effectively.

The directors also believe that the depth of human and other intellectual capital is adequate to protect and drive the future value creation of the business. In addition to its tangible assets, the brands and reputation of the organisation remain intact, while the product mix is seen as competitive in the markets and regions in which the Group continues to operate or has determined to enter. The Group has implemented an effective risk management process that is designed to maximise strategic opportunity within tolerable levels of residual business, process and dependency risks.

The assumptions upon which this assessment is made are recorded at the time of approval of the annual financial statements by the board. For this reason, it continues to adopt the going concern basis for preparing the financial statements.

DIRECTORATE

CHAIRMAN

C M L Savage

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

Cedric (68) joined the Tongaat-Hulett Group in 1977 as Managing Director of Tongaat Foods becoming Executive Chairman of Toncoro Limited in 1985. He was appointed to the Tongaat-Hulett Group Board in 1981, serving as Chief Executive from 1991 to 2000. He was appointed Executive Chairman in 2000, combining the roles of CEO and Chairman until his retirement from executive duties in 2002. He is also a Director of Nedbank Group, Harmony Gold, Village Main Reef and Datatec.

INDEPENDENT NON-EXECUTIVE DIRECTORS

L Boyd

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

Leslie (69) retired from executive duties as Executive Vice-Chairman, Anglo American plc, Deputy Chairman, Anglo American South Africa, Chairman, Anglo American Industrial Corporation Limited, Anglo American Platinum Corporation Limited, AECI, Allied Technologies Limited, Columbus Joint Venture, Highveld Steel and Vanadium Corporation Limited. He was appointed to the Tongaat-Hulett Group Board in 1989.

E le R Bradley

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

Elisabeth (68) has spent her whole working life with these family motor industry companies. Other Non-Executive Directorships include Sasol, Anglogold and The Standard Bank Group. She was appointed to the Tongaat-Hulett Group Board in 1987.

M W King

Director of Companies
CA (SA), FCA

Michael (69) retired from executive duties as Executive Vice-Chairman, Anglo American plc, in 2001. He was previously the Deputy Managing Director of the merchant bank, Union Acceptances, and left to join Anglo American Corporation in 1974, becoming Executive Deputy Chairman in 1997. He serves as Non-Executive Director on various Boards and was appointed to the Tongaat-Hulett Group Board in 1980.

M Mia

Deputy Chairman, Fasic Investment Corporation and Director of Companies

Mac (59) is founder member of Fasic Investment Corporation, which has interests in The Lion Match Company. Formerly the Managing Director of New Republic Bank, he currently runs his own financial consultancy business. He is Chairman of Zenith Investments, a BEE private equity fund. He was appointed to the Tongaat-Hulett Group Board in 1996.

T H Nyasulu

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

Hixonia (52) is the founder and Executive Chairman of Ayavuna Women's Investments. Prior to founding Ayavuna in 2004, she owned a Strategy and Marketing consultancy for 20 years, which she started after working for Unilever for six years. Her directorships include Anglo Platinum, Sasol, Glendrand MIB and Barloworld. She was appointed to the Tongaat-Hulett Group Board in 2000.

R H J Stevens

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

Russell (66) is the founder and Chairman of the Three Cities Group, CEO and shareholder of Durban Adventures Limited, Chairman of uShaka Management Company and Director of the Compass Group, thus maintaining his interest in the service related sector. He is past Chairman of Tongaat Foods, a one time operating company of the Group. He was appointed to the Tongaat-Hulett Group Board in 1977.

NON-EXECUTIVE DIRECTORS

D D Barber

Chief Financial Officer of Anglo American's Coal division
FCA (England & Wales), AMP (Harvard)

David (54) spent 20 years with the Anglovaal Group and was Executive Director Finance at the time of its unbundling. After a short tenure as Chief Financial Officer at Fedsure Holdings, he joined Anglo American South Africa as Finance Director in 2002. On 1 January 2007 he was appointed as the Chief Financial Officer of Anglo American's Coal division. He was appointed to the Tongaat-Hulett Group Board in 2002.

P M Baum

Chairman and Chief Executive Officer of Anglo American's Ferrous Metals and Industries division and Acting CEO of Anglo American South Africa (AASA)
Member of Anglo American plc's Executive Board
BCom LLB, Higher Diploma Tax Law

Philip (52) has worked in a wide variety of positions in the Anglo American Group, including head of the Small and Medium Enterprise Initiative, Chief Executive of Anglo American Zimbabwe and Chief Operating Officer of AASA. His Directorships include Anglo Platinum, Kumba Iron Ore, Exxaro, Tongaat-Hulett, Hulett Aluminium and Samancor Manganese. He was appointed to the Tongaat-Hulett Group Board in 2003.

I Botha

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

Ian (35) joined Anglo American South Africa in 1996 and after a short tenure with Lazard (Australia) he re-joined Anglo American plc in 2001 as Vice President, Corporate Finance and took up his current position in December 2003. He is also a director of Highveld Steel and Vanadium Corporation, Samancor Manganese, Hulett Aluminium, Anglo Operations (Australia) and the Scaw Metals Group. He was appointed to the Tongaat-Hulett Group Board in February 2004.

B E Davison

Non-Executive Chairman of Anglo Platinum Limited,
Retired as Executive Director, Anglo American plc on 30 December 2005
Chairman, Anglo American's Ferrous Metals and Industries division (retired effective 31 December 2005)
BA (Law & Economics), Dip. Advanced Financial Management, A.E.P.

Barry (61) was employed by Johannesburg Consolidated Investments Company Limited (JCI) in 1968 as an investment analyst. He worked in various financial and general management positions within the JCI Group before being appointed Managing Director of Anglo American Platinum in May 1995, Executive Chairman in May 2001 and Non-Executive Chairman in July 2004. He was appointed to the Tongaat-Hulett Group Board in May 2004.

J B Magwaza

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

JB (64) joined the Tongaat-Hulett Group in 1975, becoming Personnel Director for Hulett Refineries in 1988. He was appointed Personnel Director for Hulett Aluminium in 1992 and became an Executive Director on the Tongaat-Hulett Group Board in 1994. He retired in 2003 but remains on the Board in a non-executive capacity.

A M Thompson

BSc (Civil Eng), MBA

Andrew (49) spent 18 years in Anglo American's paper and packaging businesses, culminating in his tenure as CEO of Mondi South Africa from 1999 to 2004. He remains a Non-Executive Director of Mondi Packaging South Africa. He was appointed to the Tongaat-Hulett Group Board in 2002.

EXECUTIVE DIRECTORS

P H Staude

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

Peter (53) joined the Tongaat-Hulett Group in 1978. In 1990 he became Managing Director of Hulett Aluminium Rolled Products, a subsidiary of Hulett Aluminium, where he was instrumental in leading the transformation of Hulett Aluminium to becoming a significant global player. He became Managing Director of Hulett Aluminium and Chairman of Hulett-Hydro Extrusions in 1996 and Chairman of African Products in May 2000. He was appointed to the Tongaat-Hulett Group Board in 1997 and became Chief Executive Officer in May 2002. He is also a Director of Trade and Investment KwaZulu-Natal.

B G Dunlop

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

Bruce (53) joined the Tongaat-Hulett Group in 1980, becoming Financial Director of Tongaat Oil Products in 1983 and Managing Director of the Maize, Animal Feeds and Poultry Division of Tongaat Foods in 1988. He was appointed Managing Director of Hulett Refineries in 1993 and Managing Director of Tongaat-Hulett Sugar in 1995. He was appointed to the Tongaat-Hulett Group Board in 1997.

A Fourie

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

Alan (57) joined the Tongaat-Hulett Group in 1979, becoming Financial Manager for Hulett Aluminium in 1983, Financial Director in 1985 and Managing Director of Hulett Aluminium in 2002. He was appointed to the Tongaat-Hulett Group Board in 2002.

G R Hibbert

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

Gordon (60) joined the Tongaat-Hulett Group in 1972 , becoming Financial Manager of Tongaat Sugar in 1978, General Manager of Tongaat Investments in 1979 and Managing Director of Tongaat-Hulett Properties and Moreland Estates in 1982. He was appointed to the Tongaat-Hulett Group Board in 1998.

G P N Kruger

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

Nico (49) joined the Tongaat-Hulett Group in 1982. Following a period working in Tongaat-Hulett Sugar, he became Business Development Director for African Products in 1992. He became Managing Director of African Products in 1995. He was appointed to the Tongaat-Hulett Group Board in 1997.

M H Munro

Group Financial Director
BCom, CA (SA)

Murray (40) joined the Tongaat-Hulett Group in 1992. He has held a number of senior financial, commercial, market and general management positions in various operations. In the period 1997 to 2003 he was a Market Director and then the Finance and Business Process Development Director at Hulett Aluminium. He was appointed to the Tongaat-Hulett Group Board in October 2003.

S J Saunders

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

Steven (47) joined the Tongaat-Hulett Group in 1986, working in various Tongaat-Hulett owned companies, which have subsequently been sold. He was appointed Chairman, Tongaat-Hulett Sugar in 1995 and Chairman of Moreland Estates in 2000. He was appointed to the Tongaat-Hulett Group Board in 1991.

M Serfontein

Group Human Resources Director
BCom (Hons)

Menanteau (54) joined the Tongaat-Hulett Group in 1983, becoming Personnel Director for Hulett Aluminium in 1989. He successfully completed the Certificate Programme in Industrial Relations (Wits) and has attended Executive Programmes at Harvard and Columbia Business Schools and Henley Management College. He was appointed to the Tongaat-Hulett Group Board in 1996.

DEFINITIONS

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

HEADLINE EARNINGS
Headline earnings are calculated in note 20, in accordance with the South African Institute of Chartered Accountants' Circular 7/2002.

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

OPERATING MARGIN
Operating profit expressed as a percentage of revenue.

RETURN ON CAPITAL EMPLOYED
Operating profit expressed as a percentage of average capital employed, excluding capital work in progress.

RETURN ON EQUITY
Headline earnings expressed as a percentage of average equity.

DEBT TO EQUITY
Long and short-term borrowings divided by equity.

NET DEBT TO EQUITY
Long and short-term borrowings less cash and cash equivalents divided by equity.

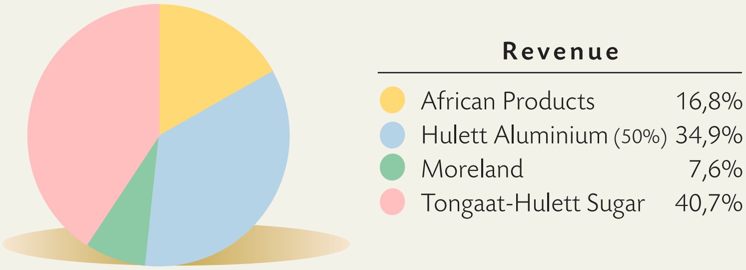
CURRENT RATIO
Current assets divided by current liabilities.

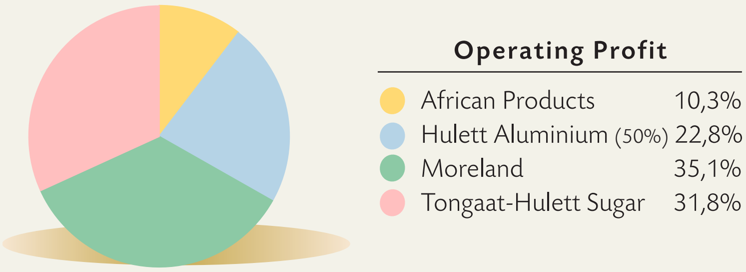
LIQUIDITY RATIO
Current assets, excluding inventories, divided by current liabilities.

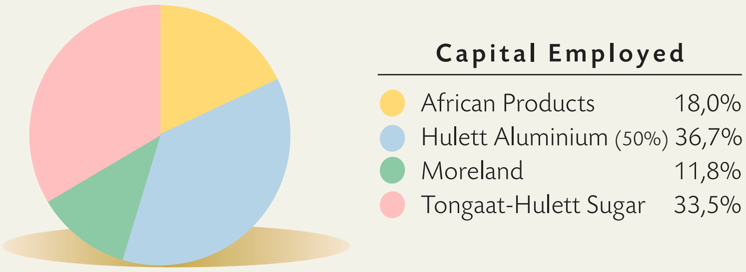
NET ASSET VALUE PER SHARE
Equity divided by the number of ordinary shares in issue at year end.

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

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







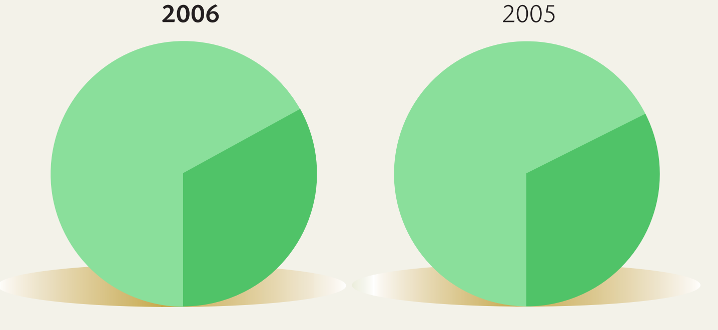
BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2006							
African Products	1 316	96 #	1 530	250	1 280	101	89
Hulett Aluminium (50%)	2 738	211 #	3 081	613	2 608	117	86
Moreland	598	325 #	1 199	368	838	2	1
Tongaat-Hulett Sugar	3 196	295 #	2 733	379	2 376	262	96
Triangle dividend		61					
Corporate		(51)#	513	1 314	506		
Exchange rate translation gain		57					
Exceptional items		26					
Group total	7 848	1 020	9 056	2 924	7 608	482	272
2005							
African Products	1 293	112 #	1 558	224	1 333	58	88
Hulett Aluminium (50%)	2 081	159 #	2 695	564	2 403	69	89
Moreland	459	231 #	645	287	383		
Tongaat-Hulett Sugar	3 093	232 #	2 423	355	2 061	177	88
Triangle dividend		19					
Corporate		(44)#	607	830	567	1	
Exchange rate translation gain		14					
Exceptional items		7					
Group total	6 926	730	7 928	2 260	6 747	305	265

Total segmental income for the year amounted to R876 million (2005 – R690 million).

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	**2006**	2005
South Africa	**5 262**	4 682
North America	**729**	699
Rest of Africa	**635**	611
Asia and other	**457**	374
Australasia	**390**	267
Europe	**319**	248
South America	**56**	45
	7 848	6 926



Domestic Revenue	67,0%	(67,6%)
Export Revenue	33,0%	(32,4%)

(Brackets denote comparative figures)

The aggregate effect of intra-group transactions is immaterial.

The investment in associate is included in segment assets of Tongaat-Hulett Sugar and the details thereof are disclosed in note 6.

Geographical location of segment assets: South Africa R7 771 million; Other countries R1 285 million (2005 - South Africa R7 112 million; Other countries R816 million).

Expenditure on property, plant and equipment by geographical location of assets: South Africa R436 million; Other countries R46 million (2005 - South Africa R278 million; Other countries R27 million).

FIVE YEAR REVIEW

FINANCIAL STATISTICS

	2006	2005	2004	2003≠	2002≠
TRADING RESULTS (Rmillion)					
Revenue	**7 848**	6 926	6 298	6 559	6 103
Operating profit	**1 020**	730	358	80	680
Net financing costs	**(23)**	(60)	(93)	(152)	(134)
Share of associate company's (loss)/profit	**(4)**	(25)	6	(45)	(36)
Profit before tax	**993**	645	271	(117)	510
Tax	**(269)**	(162)	(41)	77	(122)
Minority shareholders	**(1)**	(11)	(10)	(1)	
Net profit attributable to shareholders	**723**	472	220	(41)	388
Headline earnings attributable to shareholders	**703**	466	206	(93)	380
SOURCE OF CAPITAL (Rmillion)					
Shareholders' interest	**4 957**	4 613	4 347	4 193	4 551
Minority interest in subsidiaries	**76**	75	71	6	5
Equity	**5 033**	4 688	4 418	4 199	4 556
Deferred tax	**1 055**	936	854	866	1 006
Borrowings – long and short-term	**1 223**	840	1 380	1 369	931
Provisions	**297**	283	271	260	245
Capital employed	**7 608**	6 747	6 923	6 694	6 738
EMPLOYMENT OF CAPITAL (Rmillion)					
Property, plant, equipment, investments and intangibles	**4 625**	4 183	4 161	4 204	4 173
Growing crops	**212**	182	185	179	168
Long-term receivable	**203**	203	210	210	210
Inventories, receivables and derivative instruments	**3 507**	2 834	2 793	2 912	2 920
Cash and cash equivalents	**509**	526	803	808	938
Total assets	**9 056**	7 928	8 152	8 313	8 409
Current liabilities (excluding short-term borrowings)	**1 448**	1 181	1 229	1 619	1 671
	7 608	6 747	6 923	6 694	6 738

RATIOS AND STATISTICS

		2006	2005	2004	2003≠	2002≠
EARNINGS						
Headline earnings per share - (cents)		**666,4**	452,4	202,5	(91,7)	375,2
Annual dividend per share - (cents)		**550,0**	400,0	170,0	120,0	270,0
Dividend cover - (times)		**1,2**	1,1	1,2	–	1,4
PROFITABILITY						
Operating margin		**13,0%**	10,5%	5,7%	1,2%	11,1%
Return on capital employed		**14,8%**	11,1%	5,5%	1,2%	10,1%
Return on equity		**14,5%**	10,2%	4,8%	(2,1%)	8,5%
FINANCE						
Debt to equity		**24,3%**	17,9%	31,2%	32,6%	20,4%
Net debt to equity		**14,2%**	6,7%	13,1%	13,4%	–
Current ratio		**1,53**	1,78	1,53	1,42	1,94
Liquidity ratio		**0,92**	1,01	0,83	0,75	0,99
SHARES						
Shares in issue - (millions)	– issued	**107**	104	102	101	101
	– weighted	**105**	103	102	101	101
Market capitalisation	– Rmillion	**11 938**	8 467	5 525	3 399	4 764
Value of shares traded	– Rmillion	**3 512**	1 899	1 325	1 821	1 548
Net asset value per share	– cents	**4 722**	4 512	4 321	4 132	4 490
Share price - (cents)	– balance sheet date	**11 200**	8 150	5 404	3 350	4 700
	– high	**11 400**	8 500	5 500	4 698	6 620
	– low	**7 800**	5 010	3 280	2 900	4 599
Annual volume of shares traded	– millions	**37**	29	30	53	30

≠ Prepared in accordance with South African Statements of Generally Accepted Accounting Practice, prior to IFRS.

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2006

CONTENTS

FINANCIAL HIGHLIGHTS

	2006	2005
Revenue (Rmillion)	**7 848**	6 926
Operating profit (Rmillion)	**1 020**	730
Headline earnings (Rmillion)	**703**	466
Headline earnings per share – basic (cents)	**666,4**	452,4
Annual dividend per share (cents)	**550,0**	400,0
Interim paid	**200,0**	120,0
Final proposed	**350,0**	280,0

CURRENCY CONVERSION GUIDE

	Closing rate at 31 December		
	2006	2005	2004
US dollar	7,00	6,35	5,65
UK pound	13,73	10,92	10,84
Euro	9,22	7,48	7,67

	Average rate for year		
	2006	2005	2004
US dollar	6,77	6,37	6,44
UK pound	12,48	11,58	11,80
Euro	8,51	7,92	8,01

REPORT OF THE INDEPENDENT AUDITORS

to the members of The Tongaat-Hulett Group Limited

Report on the Financial Statements

We have audited the annual financial statements and the Group annual financial statements of The Tongaat-Hulett Group Limited, which comprise the directors' report, the balance sheets as at 31 December 2006, the income statements, the statements of changes in equity and cash flow statements for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on page 41 and pages 45 to 83.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and the Group as at 31 December 2006, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Audit KZN
Registered Auditors
Per JAR Welch
Partner

16 February 2007

2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2006

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

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

In preparing the financial statements, the company and the Group have used appropriate accounting policies, supported by reasonable and prudent 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 and the Group at 31 December 2006 and the results of their operations for the year then ended. The directors are also of the opinion that the company and the Group will continue as a going concern in the year ahead.

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

The company's independent external auditors, Deloitte & Touche, have audited the financial statements and their unqualified report appears on page 44.

The annual financial statements were approved by the board of directors on 16 February 2007 and are signed on its behalf by:

C M L Savage
Chairman

P H Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

16 February 2007

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Registrar of Companies all returns that are required of a public company in terms of the Companies Act in respect of the year ended 31 December 2006 and that all such returns are true, correct and up to date.

M M L Mokoka
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

16 February 2007

DIRECTORS' STATUTORY REPORT

The directors have pleasure in submitting the annual financial statements of the company and of the Group for the year ended 31 December 2006.

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

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

FINANCIAL RESULTS
The net profit attributable to shareholders for the year ended 31 December 2006 amounted to R723 million (2005 - R472 million). This translates into a headline earnings per share of 666,4 cents (2005 - 452,4 cents) based on the weighted average number of shares in issue during the year.

DIVIDENDS
An interim dividend number 158 of 200 cents per share was paid on 31 August 2006 and a final dividend number 159 of 350 cents per share has been declared and is payable on 22 March 2007 to shareholders registered at the close of business on 16 March 2007.

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

Last date to trade ordinary shares "CUM" dividend	Friday	9 March 2007
Ordinary shares trade "EX" dividend	Monday	12 March 2007
Record date	Friday	16 March 2007
Payment date	Thursday	22 March 2007

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 12 March 2007 and Friday 16 March 2007, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Friday 9 March 2007.

SHARE CAPITAL
There was no change in the authorised share capital of the company. During the year 2 695 623 shares were allotted (including 470 000 shares to directors) in respect of options exercised in terms of the Group's employee share incentive schemes for a total consideration of R106 million. Details of the unissued ordinary shares and the Group's share incentive schemes are set out in notes 11 and 31.

Shareholders will be asked to consider an ordinary resolution at the forthcoming annual general meeting to place unissued shares of the company up to five percent of the number of shares in issue at 25 April 2007 under the control of the directors until the following annual general meeting.

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

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

- being effected through the order book operated by the JSE trading system;
- being authorised thereto by the company's articles of association;
- being authorised by the shareholders of the company in terms of a special resolution of the company in general meeting which will be valid only until the next annual general meeting of the company; provided that such authority will not extend beyond 15 months from the date of the resolution;
- 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 16 February 2007;
- 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 16 February 2007. 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 16 February 2007;
- the working capital of the company and the Group for a period of 12 months from 16 February 2007 will be adequate for the company's and the Group's requirements.

SUBSIDIARY COMPANIES AND JOINT VENTURES

The principal subsidiaries and joint ventures of the Group are reflected in note 24.

The attributable interest of the company in the results of its consolidated subsidiaries and joint ventures for the year ended 31 December 2006 is as follows:

		2006	2005
In the aggregate amount of:			
Net profit	- (Rmillion)	421	329
Net losses	- (Rmillion)	45	47

DIRECTORATE

Directors retiring at the annual general meeting in accordance with the articles of association are: Mrs T H Nyasulu and Messrs D D Barber, I Botha, B G Dunlop, G P N Kruger, M H Munro and S J Saunders. These directors are all eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 38 and 39. In addition to the above, shareholders are advised that Messrs M W King and L Boyd will retire from the board at the annual general meeting having reached the mandatory retirement age in terms of the articles of association of the company.

Further, shareholders are advised that the unbundling and listing of Hulett Aluminium and the introduction of BEE equity participation will result in further changes to the composition of the Tongaat-Hulett and Hulett Aluminium boards and these will be communicated in the documents to be sent to shareholders in advance of these transactions being considered at a future special general meeting.

DIRECTORS' SHAREHOLDINGS

At 31 December 2006, the present directors of the company beneficially held a total of 1 077 970 ordinary shares equivalent to one percent in the company (2005 - 1 072 139 shares equivalent to one percent). They also held, in a non-beneficial capacity, a total of 508 310 ordinary shares equivalent to 0,5 percent in the company (2005 - 508 310 shares equivalent to 0,5 percent). Details of the directors' shareholdings and interests in the share incentive schemes are provided in notes 30 and 31. There has been no change in these holdings between 31 December 2006 and 16 February 2007.

POST BALANCE SHEET EVENTS

A detailed cautionary announcement was made on 14 December 2006, which provided the proposed transaction framework to further enhance shareholder value, leading towards the creation in 2007 of two separately listed, focused companies:

- Tongaat-Hulett, an agri-processing business which includes integrated components of land management, property development and agriculture; and
- Hulett Aluminium (Hulamin), an independent niche producer of aluminium rolled, extruded and other semi-fabricated and finished products.

This will be achieved by the listing of Hulamin on the JSE followed immediately by the unbundling of Hulamin by Tongaat-Hulett to its shareholders. It will be accompanied by the simultaneous introduction of broad based Black Economic Empowerment (BEE) equity participation in both Tongaat-Hulett and Hulamin. The capital structures of both businesses will be optimised, including facilitating the BEE equity participation, a R500 million share buy-back and retaining the balance sheet capacity to undertake meaningful growth projects. Once the requisite agreements have been signed, the financial effects have been finalised and the date of unbundling and listing Hulamin established, a final announcement will be made and the circular and pre-listing documents posted to shareholders, which is anticipated to be in May 2007.

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

BALANCE SHEETS

as at 31 December 2006 | *The Tongaat-Hulett Group Limited*

Company 2005	Company 2006	Rmillion	Note	Group 2006	Group 2005
		ASSETS			
		Non-current assets			
1 879	**1 992**	Property, plant and equipment	1	**4 270**	4 093
77	**87**	Growing crops	2	**212**	182
203	**203**	Long-term receivable	3	**203**	203
		Goodwill	4	**21**	21
		Intangible assets	5	**14**	12
3	**2**	Investments	6	**320**	57
1 088	**1 834**	Subsidiaries and joint ventures	7		
3 250	**4 118**			**5 040**	4 568
1 478	**1 494**	**Current assets**		**4 016**	3 360
874	**911**	Inventories	8	**1 595**	1 456
533	**568**	Trade and other receivables		**1 879**	1 337
31	**6**	Derivative instruments	9	**33**	41
40	**9**	Cash and cash equivalents	10	**509**	526
4 728	**5 612**	**TOTAL ASSETS**		**9 056**	7 928
		EQUITY AND LIABILITIES			
		Capital and reserves			
104	**107**	Share capital	11	**107**	104
821	**932**	Share premium		**932**	821
2 055	**2 185**	Retained income		**3 868**	3 651
59	**75**	Other reserves		**50**	37
3 039	**3 299**	**Shareholders' interest**		**4 957**	4 613
		Minority interest in subsidiaries		**76**	75
3 039	**3 299**	**Equity**		**5 033**	4 688
594	**719**	**Non-current liabilities**		**1 401**	1 357
357	**472**	Deferred tax	12	**1 055**	936
		Long-term borrowings	13	**49**	138
237	**247**	Provisions	14	**297**	283
1 095	**1 594**	**Current liabilities**		**2 622**	1 883
539	**550**	Trade and other payables	15	**1 388**	1 119
547	**1 039**	Short-term borrowings	13	**1 174**	702
9	**5**	Derivative instruments	9	**16**	18
		Tax		**44**	44
4 728	**5 612**	**TOTAL EQUITY AND LIABILITIES**		**9 056**	7 928

INCOME STATEMENTS

for the year ended 31 December 2006 *The Tongaat-Hulett Group Limited*

Company 2005	Company 2006	Rmillion	Note	Group 2006	Group 2005
4 084	**4 194**	**REVENUE**		**7 848**	6 926
693	**778**	Operating profit	16	**1 020**	730
		Share of associate company's loss	6	**(4)**	(25)
(92)	**(73)**	Financing costs	18	**(45)**	(98)
38	**108**	Finance income	18	**22**	38
639	**813**	**PROFIT BEFORE TAX**		**993**	645
(108)	**(177)**	Tax	19	**(269)**	(162)
531	**636**	**NET PROFIT**		**724**	483
		Attributable to:			
531	**636**	Shareholders		**723**	472
		Minority interest		**1**	11
531	**636**			**724**	483
		EARNINGS PER SHARE (cents)	21		
		Basic		**685,3**	458,2
		Diluted		**667,8**	447,2

CASH FLOW STATEMENTS

Company 2005	Company 2006	Rmillion	Group 2006	Group 2005
		Cash generated from operations		
648	**778**	Operating profit before dividends	**959**	711
45		Dividends received	**61**	19
693	**778**	Operating profit	**1 020**	730
(54)	**35**	Net financing (costs)/income	**(23)**	(60)
(47)	**(309)**	Profit on disposal of property, plant and equipment	**(45)**	(19)
		Non-cash items:		
167	**176**	Depreciation	**272**	265
		Adjustment for exchange rate translation gain	**(57)**	(14)
9	**10**	Provisions	**14**	12
12	**4**	Other	**(16)**	21
(26)	**(63)**	Tax payments	**(152)**	(38)
754	**631**	Cash generated from operations	**1 013**	897
		Cash required by operations		
154	**(13)**	Inventories	**(115)**	169
24	**(36)**	Trade and other receivables	**(558)**	(231)
(144)	**12**	Trade and other payables	**266**	(47)
34	**(37)**	(Increase)/decrease in working capital	**(407)**	(109)
788	**594**	**Cash flows from operating activities**	**606**	788
		Cash flows from investing activities		
		Expenditure on property, plant and equipment:		
(95)	**(132)**	- New	**(281)**	(169)
(79)	**(147)**	- Replacement	**(163)**	(101)
(35)	**(38)**	- Major plant overhaul costs capitalised	**(38)**	(35)
		Expenditure on intangible assets	**(3)**	(4)
5	**7**	Growing crops	**7**	5
70	**338**	Proceeds on disposal of property, plant and equipment	**78**	42
(36)	**(290)**	Investments – shares in subsidiary		
		Investments – shares in Hippo Valley Estates	**(254)**	
		Investments – unlisted	**(3)**	(72)
(170)	**(262)**	Net cash used in investing activities	**(657)**	(334)
618	**332**	**Net cash flow before dividends and financing activities**	**(51)**	454
		Dividends paid		
(123)	**(294)**	Previous year final	**(294)**	(123)
(124)	**(212)**	Current year interim	**(212)**	(124)
(247)	**(506)**	Dividends paid	**(506)**	(247)
371	**(174)**	**Net cash flow before financing activities**	**(557)**	207
		Cash flows from financing activities		
(455)	**492**	Borrowings raised/(repaid)	**358**	(558)
		Hedges of foreign loans	**19**	(2)
62	**106**	Shares issued	**106**	62
9	**(455)**	Inter-group loans		
(384)	**143**	Net cash from/(utilised in) financing activities	**483**	(498)
(13)	**(31)**	**Net decrease in cash and cash equivalents**	**(74)**	(291)
53	**40**	Balance at beginning of year	**526**	803
		Exchange rate translation gain	**57**	14
40	**9**	**Cash and cash equivalents at end of year**	**509**	526

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2006 — *The Tongaat-Hulett Group Limited*

Rmillion	Share Capital	Share Premium	Capital Redemption Reserve Funds	Share-based Payment Reserve	Hedging and Translation Reserves	Retained Income	Share-holders' Interest	Minority Interest	Total
GROUP									
Balance at 1 January 2005	102	759	33	13	9	3 426	4 342	71	4 413
Share capital issued	2	60					62		62
Transfer on exercise of options		2		(2)					
Currency exchange rate changes					(31)		(31)	(7)	(38)
Hedge reserve released to income statement					(4)		(4)		(4)
Gain from cash flow hedges					9		9		9
Share of associate's movement in currency translation reserve					(7)		(7)		(7)
Recognition of share-based payment				17			17		17
Net profit						472	472	11	483
Dividends paid						(247)	(247)		(247)
Balance at 31 December 2005	104	821	33	28	(24)	3 651	4 613	75	4 688
Share capital issued	3	103					106		106
Transfer on exercise of options		8		(8)					
Hedge reserve released to income statement					(9)		(9)		(9)
Gain from cash flow hedges					8		8		8
Recognition of share-based payment				22			22		22
Net profit						723	723	1	724
Dividends paid						(506)	(506)		(506)
Balance at 31 December 2006	107	932	33	42	(25)	3 868	4 957	76	5 033
COMPANY									
Balance at 1 January 2005	102	759	29	13	1	1 771	2 675		
Share capital issued	2	60					62		
Transfer on exercise of options		2		(2)					
Hedge reserve released to income statement					(1)		(1)		
Gain from cash flow hedges					2		2		
Recognition of share-based payment				17			17		
Net profit						531	531		
Dividends paid						(247)	(247)		
Balance at 31 December 2005	104	821	29	28	2	2 055	3 039		
Share capital issued	3	103					106		
Transfer on exercise of options		8		(8)					
Hedge reserve released to income statement					(2)		(2)		
Gain from cash flow hedges					4		4		
Recognition of share-based payment				22			22		
Net profit						636	636		
Dividends paid						(506)	(506)		
Balance at 31 December 2006	107	932	29	42	4	2 185	3 299		

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

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and of its subsidiaries, except those foreign subsidiaries and associates where the assessment of effective operational and financial control does not meet the criteria for consolidation in terms of IAS 27 Consolidated and Separate Financial Statements, principally as it relates to Triangle Sugar Limited in Zimbabwe. The interest in such foreign subsidiaries is included at cost less provisions and amounts written off or at fair value, and results are accounted for in operating profit only to the extent that dividends, net of any withholding taxes, are received. The results of all other subsidiaries are included from the date effective control was acquired and up to the date effective control ceased. Investments in joint ventures are accounted for on the proportionate consolidation method from the effective date of acquisition and up to the effective date of disposal. All material intra-group balances and transactions are eliminated.

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

PROPERTY, PLANT AND EQUIPMENT

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

Assets held under finance lease agreements are capitalised at fair value and the corresponding liabilities to the lessor are raised. Lease finance charges are charged to earnings over the term of the relevant lease using the effective interest rate method.

Land and capital work in progress are not depreciated. All other fixed assets, including major factory overhaul costs, are depreciated and charged to profit or loss over their expected useful lives to estimated residual values at rates appropriate to their use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

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

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

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

INTANGIBLE ASSETS

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

GROWING CROPS

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

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

GOODWILL

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

ASSOCIATE COMPANIES

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

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

INVENTORIES

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

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

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

DEFERRED TAX

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

IMPAIRMENT

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

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

RESEARCH AND DEVELOPMENT

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

REVENUE

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

FOREIGN CURRENCIES

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

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

The financial statements of entities within the Group whose functional currencies are different to the

Group's presentation currency which, because of its primary operating activities, is South African Rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling on the balance sheet date;
- Income and expense items at the average exchange rates for the period; and
- Equity items at the exchange rate ruling when they arose.

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

FINANCIAL INSTRUMENTS

Recognition

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

Measurement

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

- Trade and other receivables originated by the Group are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.
- Held-to-maturity investments are held at amortised cost using the effective interest rate method after deducting accumulated impairment losses.
- Held-for-trading, available for sale and cash equivalent investments are held at fair value.
- Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.

Gains or losses on subsequent measurement

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

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

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

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

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

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

Set-off

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

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

Whilst the valuation of the Pension Fund and the Surplus Apportionment Plan have been completed and submitted to the Financial Services Board, they have not yet been approved. Accordingly, due to the uncertainty regarding apportionment, no surplus has been recognised on the Group's balance sheet.

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

Post-retirement medical aid benefits and retirement gratuities

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

SHARE-BASED PAYMENTS

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

JUDGMENTS MADE BY MANAGEMENT

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

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

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

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

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

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

- **Decommissioning and rehabilitation obligations in respect of the environment:** The Group monitors and assesses its obligations arising from decommissioning of plant and rehabilitation of the environment on an ongoing basis.

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

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

IAS 19 Employee Benefits, which was amended in 2004, is applicable in 2006 and requires additional disclosure with which Tongaat-Hulett has complied. In addition it provides an option, which entities may elect to adopt either in 2006 or at a later date, that allows for the accounting of actuarial gains/losses, either by recognising them through the income statement over the expected remaining lives of participants, or outside the income statement in a statement titled "Statement of Recognised Income and Expense". The statement covers pension fund accounting and the provisions for post-retirement medical costs and retirement gratuities. This alternate accounting treatment of actuarial gains/losses will be assessed once the Pension Fund surplus apportionment has been finalised. The impact of the adoption of the amendments to IAS 19 as it relates to the provisions for post-retirement medical costs and retirement gratuities is relatively immaterial.

The following new standards and interpretations were also in issue but not effective for 2006. The Group is in the process of evaluating the effects of these new standards and interpretations but they are not expected to have a significant impact on the Group's results and disclosures other than in respect of AC 503 which relates to the proposed broad based Black Economic Empowerment transaction, the impact of which can only be determined once the agreement with the stakeholders has been finalised.

AC 503 Accounting for Black Economic Empowerment Transactions
IFRS 7 Financial Instruments: Disclosures
IFRS 8 Operating Segments

IFRIC Interpretation 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC Interpretation 8	Scope of IFRS 2
IFRIC Interpretation 9	Reassessment of Embedded Derivatives
IFRIC Interpretation 10	Interim Financial Reporting and Impairment
IFRIC Interpretation 11	IFRS 2 - Group and Treasury Share Transactions
IFRIC Interpretation 12	Service Concession Arrangements

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

	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Group						
Carrying value at beginning of year	4 093	607	3 017	163	70	236
Additions	482	55	196	31	1	199
Disposals	(33)	(26)	(3)	(4)		
Depreciation	(272)	(12)	(235)	(23)	(2)	
Transfers		8	83	15		(106)
Carrying value at end of year	4 270	632	3 058	182	69	329
Comprising:						
2006						
At cost	6 134	773	4 494	426	112	329
Accumulated depreciation	1 864	141	1 436	244	43	
	4 270	632	3 058	182	69	329
2005						
At cost	5 781	736	4 288	410	111	236
Accumulated depreciation	1 688	129	1 271	247	41	
	4 093	607	3 017	163	70	236
Company						
Carrying value at beginning of year	1 879	264	1 374	93	4	144
Additions	317	47	149	15	1	105
Disposals	(28)	(25)	(3)			
Depreciation	(176)	(5)	(157)	(14)		
Transfers		3	64	15		(82)
Carrying value at end of year	1 992	284	1 427	109	5	167
Comprising:						
2006						
At cost	3 267	353	2 438	279	30	167
Accumulated depreciation	1 275	69	1 011	170	25	
	1 992	284	1 427	109	5	167
2005						
At cost	3 065	328	2 298	266	29	144
Accumulated depreciation	1 186	64	924	173	25	
	1 879	264	1 374	93	4	144

Plant and machinery with a book value of R88 million (2005 – R89 million) are encumbered as security for the secured finance lease obligations and as security for certain short-term borrowings of R50 million (2005 – R2 million).

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

2. **GROWING CROPS** (Rmillion)

	Group 2006	Group 2005	Company 2006	Company 2005
Carrying value at beginning of year	**182**	185	**77**	76
Gain arising from physical growth and price changes	**29**	10	**13**	6
Increase due to increased area under cane	**4**			
Decrease due to reduced area under cane	**(3)**	(5)	**(3)**	(5)
Currency alignment		(8)		
Carrying value at end of year	**212**	182	**87**	77

2. GROWING CROPS (Rmillion) continued

	Group 2006	Group 2005	Company 2006	Company 2005
The carrying value comprises:				
Roots	**116**	100	**46**	42
Standing cane	**96**	82	**41**	35
	212	182	**87**	77
Area under cane (hectares)				
South Africa	**9 639**	10 162	**9 639**	10 162
Mozambique	**7 444**	7 200		
Swaziland	**3 744**	3 726		
	20 827	21 088	**9 639**	10 162

3. LONG -TERM RECEIVABLE (Rmillion)

	Group 2006	Group 2005	Company 2006	Company 2005
Advances to an export partnership				
Fair value at beginning of year	**203**	210	**203**	210
Fair value adjustment due to reduction in tax rate		(7)		(7)
Fair value at end of year	**203**	203	**203**	203

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

4. GOODWILL (Rmillion)

	Group 2006	Group 2005
Carrying value at beginning at year	**21**	23
Currency exchange rate changes		(2)
Carrying value at end of year	**21**	21

Goodwill is attributable to the Mozambique sugar operations. The Group tests goodwill annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections, which cover a period of twenty years, are based on the most recent budgets and forecasts approved by management and the extrapolation of cash flows which incorporate growth rates consistent with the average long term growth trends of the market. As at 31 December 2006, the carrying value of goodwill was considered not to require impairment.

5. INTANGIBLE ASSETS (Rmillion)

	Group 2006	Group 2005	Company 2006	Company 2005
Software at cost:				
At beginning of year	**23**	19	**7**	7
Additions	**3**	4		
At end of year	**26**	23	**7**	7
Accumulated amortisation:				
At beginning of year	**11**	10	**7**	7
Charge for the year	**1**	1		
At end of year	**12**	11	**7**	7
Carrying value at end of year	**14**	12		

6. **INVESTMENTS** (Rmillion)

	Group 2006	Group 2005	Company 2006	Company 2005
Associate:				
The carrying value of the Group's 49% interest in Açucareira de Xinavane, SARL (Mozambique) comprises:				
Unlisted shares	**128**	128		
Loan	**54**	30		
Cumulative share of post-acquisition deficits	**(121)**	(117)		
Balance at beginning of year	**(117)**	(95)		
Movement in currency translation reserve		3		
Loss for the year	**(4)**	(25)		
Book value	**61**	41		
Directors' valuation	**61**	41		
Summarised balance sheet:				
Property, plant and equipment	**306**	309		
Growing crops	**70**	53		
Current assets	**117**	105		
Current liabilities	**(68)**	(74)		
Borrowings:				
External	**(280)**	(276)		
Shareholders	**(192)**	(158)		
Net deficit	**(47)**	(41)		
Other shareholders' share of deficit	**24**	21		
Group share of deficits (pre and post-acquisition)	**(23)**	(20)		
Summarised income statement:				
Revenue	**223**	167		
Profit before depreciation	**42**	11		
Depreciation	**(16)**	(16)		
Foreign exchange loss	**(5)**	(19)		
Profit/(loss) before financing costs	**21**	(24)		
Financing costs	**(29)**	(28)		
Loss after financing costs	**(8)**	(52)		
Other shareholders' interest	**4**	27		
Group share of loss	**(4)**	(25)		
Other investments:				
Unlisted shares at fair value	**256**	13		
Loans	**3**	3	**2**	3
Book value	**259**	16	**2**	3
Carrying value of investments	**320**	57	**2**	3

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

7. SUBSIDIARIES AND JOINT VENTURES (Rmillion)

	Company 2006	Company 2005
Shares at cost, less amounts written off	**853**	563
Indebtedness by	**1 107**	826
Indebtedness to	**(126)**	(301)
	1 834	1 088

	Group 2006	Group 2005
The Group's proportionate share of the assets, liabilities and post-acquisition reserves of joint ventures, which comprise in the main, Hulett Aluminium, is included in the consolidated financial statements as follows:		
Property, plant, equipment and investments	**1 982**	1 950
Current assets	**1 497**	1 012
Less: Current liabilities	**(652)**	(372)
Capital employed	**2 827**	2 590
Less: Borrowings	**(94)**	(411)
Post-acquisition reserves	**(1 216)**	(1 253)
Deferred tax and provisions	**(499)**	(511)
Minority interest in subsidiary	**(19)**	(16)
Interest in joint ventures	**999**	399
The Group's proportionate share of the trading results of the joint ventures is as follows:		
Revenue	**2 848**	2 241
Profit before tax	**157**	167
Tax	**(47)**	(27)
Minority interest	**(4)**	(4)
Net profit	**106**	136
The Group's proportionate share of cash flows of the joint ventures is as follows:		
Cash flows from operating activities	**53**	192
Net cash used in investing activities	**90**	(72)
Net movement in cash resources	**143**	120

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

	2006	2005		2006	2005
Equity	**668**	115	≠ Property, plant and equipment	**37**	14
Minority interest	**15**	6	Growing crops	**388**	97
Deferred tax	**123**	31	+ Investment in Hippo Valley	**254**	
Long-term borrowings	**4**	3	Current assets	**484**	118
			Current liabilities	**(353)**	(74)
	810	155		**810**	155
Revenue	**1 547**	728	Net profit	**636**	359

≠ Property, plant and equipment have been accounted for in terms of the historical cost convention.
+ Not consolidated.

8. **INVENTORIES** (Rmillion)

	Group		Company	
	2006	2005	**2006**	2005
Raw materials	**323**	294	**132**	147
Work in progress	**180**	107	**10**	9
Finished goods	**785**	736	**692**	655
Consumable stores	**146**	117	**77**	63
Development properties	**161**	202		
	1 595	1 456	**911**	874

Included in raw materials is an amount of R127 million (2005 – R106 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. **DERIVATIVE INSTRUMENTS** (Rmillion)

	Group		Company	
	2006	2005	**2006**	2005
The fair value of derivative instruments at year end was:				
Forward exchange contracts – hedge accounted	**9**	(1)	**4**	4
Forward exchange contracts – not hedge accounted	**7**			
Futures contracts – hedge accounted	**10**	25	**(3)**	18
Futures contracts – not hedge accounted	**(9)**			
Other embedded derivatives		(1)		
	17	23	**1**	22
Summarised as:				
Derivative assets	**33**	41	**6**	31
Derivative liabilities	**(16)**	(18)	**(5)**	(9)
	17	23	**1**	22

Further details on derivative instruments are set out in note 23.

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)

	2006	2005
Authorised:		
150 000 000 ordinary shares of R1 each	**150**	150
Issued and fully paid:		
106 591 252 (2005 – 103 895 629)	**107**	104

Unissued:
Under option to employees, in terms of the original employee share option schemes, for a period of ten years from date granted, to subscribe for 2 941 810 shares at an average price of R41,23 per share (2005 – 5 699 233 shares at R40,40 per share).

These share option schemes were replaced in 2005 with the Share Appreciation Right Scheme 2005, the Long Term Incentive Plan 2005 and the Deferred Bonus Plan 2005. The primary intention of these schemes is to settle awards through acquiring shares in the market and delivering them to the employee and consequently no dilution of equity is expected.

Under control of the directors:
- for the purposes of the employee share option schemes 7 717 315 shares (2005 – 4 690 330 shares).
- in terms of a shareholders' resolution 5 254 684 shares (2005 – 10 288 054 shares).

Details of the employee share incentive schemes are set out in note 31.

12. DEFERRED TAX (Rmillion)

	Group 2006	Group 2005	Company 2006	Company 2005
Balance at beginning of year	**936**	854	**357**	276
Accounted for in equity	**2**	(2)	**1**	(2)
Currency alignment		(1)		
Income statement:				
Current year charge/(relief) on:				
Earnings before exceptional items	**124**	122	**121**	100
Rate change adjustment		(28)		(9)
Exceptional items	**6**	1	**6**	1
Prior years' charge	**(13)**	(10)	**(13)**	(9)
Balance at end of year	**1 055**	936	**472**	357
Comprising temporary differences relative to:				
Property, plant and equipment	**855**	854	**363**	355
Growing crops	**40**	36	**25**	22
Export partnership	**203**	203	**203**	203
Current assets	**36**	54	**2**	5
Current liabilities	**(115)**	(114)	**(93)**	(95)
Tax losses	**(16)**	(135)	**(16)**	(131)
Other	**52**	38	**(12)**	(2)
	1 055	936	**472**	357

13. BORROWINGS (Rmillion)

	Group 2006	Group 2005	Company 2006	Company 2005
Short-term	**1 112**	668	**1 038**	530
Bank overdraft	**62**	34	**1**	17
	1 174	702	**1 039**	547
Long-term	**49**	138		
	1 223	840	**1 039**	547

Long-term borrowings comprise:	Effective interest rate (%)	Group 2006	Group 2005
Secured:			
SA Rand			
Finance leases (refer to note 26)	11,3	**3**	3
Unsecured:			
Foreign			
Repayable 2007/2009	Libor + 0,4	**81**	103
SA Rand			
Repaid in 2006			104
		81	207
Long-term borrowings		**84**	210
Less: Current portion included in short-term borrowings		**35**	72
		49	138

Plant and machinery with a book value of R88 million (2005 – R89 million) are encumbered as security for the secured finance lease obligations and as security for certain short-term borrowings of R50 million (2005 – R2 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 a Mozambique bank overdraft equivalent to R50 million (2005 – R2 million).

The foreign Libor linked unsecured loans are repayable in US dollars and amount to US $12 million (2005 – US $16 million). These loans are recorded at the ruling price at year end and the foreign currency risk is covered by forward exchange contracts.

Summary of future capital loan repayments by financial year:	Year	2008	2009	2010
	Rmillion	34	14	1

In terms of the company's articles of association the borrowing powers of the Group are limited to R7 550 million.

14. **PROVISIONS** (Rmillion)

	Group		Company	
	2006	2005	**2006**	2005
Post-retirement medical aid obligations (refer to note 29)	**241**	230	**198**	190
Retirement gratuity obligations (refer to note 29)	**55**	52	**48**	46
Other	**1**	1	**1**	1
	297	283	**247**	237

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

	Group		Company	
	2006	2005	**2006**	2005
Accounts payable	**1 258**	1 009	**420**	429
Maize obligation – interest bearing	**130**	110	**130**	110
	1 388	1 119	**550**	539

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

16. **OPERATING PROFIT** (Rmillion)

	Group		Company	
	2006	2005	**2006**	2005
Revenue	**7 848**	6 926	**4 194**	4 084
Cost of sales	**(6 168)**	(5 218)	**(3 481)**	(3 162)
Administration expenses	**(646)**	(737)	**(359)**	(459)
Marketing and selling expenses	**(239)**	(421)	**(95)**	(284)
Other income	**199**	174	**229**	262
Exceptional items (refer to note 17)	**26**	6	**290**	252
Operating profit	**1 020**	730	**778**	693
Disclosable items included in operating profit:				
Valuation adjustments on financial instruments and other items:				
Translation of foreign currency:				
Foreign cash holdings	**57**	14		
Other	**(3)**	7		2
Export receivables	**(1)**	10		(2)
Other financial instruments	**1**	(6)		
	54	25		
Dividends received from subsidiaries:				
Triangle Sugar	**61**	19		
Other subsidiaries				45
Income from unlisted investments	**3**			
Surplus on disposal of plant and equipment	**1**	1		1
Amortisation of intangible assets	**1**	1		
Depreciation charged:				
Buildings	**12**	11	**5**	4
Plant and equipment	**235**	225	**157**	147
Vehicles and other	**25**	29	**14**	16
Management fees paid to subsidiaries			**1**	1
Management fees paid to third parties	**5**	4		
Technical fees paid	**12**	9	**12**	9
Operating lease charges (property, plant and vehicles)	**13**	16	**9**	12
Share-based payments	**22**	15	**20**	12
Auditors' remuneration:				
Fees	**5**	6	**3**	4
Other services	**1**	1		1

17. EXCEPTIONAL ITEMS (Rmillion)

	Group		Company	
	2006	2005	**2006**	2005
Included in operating profit:				
Surplus on sale of property	**27**	11	**291**	40
Estate closure costs	**(1)**	(5)	**(1)**	(5)
Recovery of loan to subsidiary, previously written-off by the company				217
Exceptional items before tax	**26**	6	**290**	252
Tax (refer to note 19)	**(6)**	(1)	**(6)**	(1)
Exceptional items after tax	**20**	5	**284**	251

18. NET FINANCING COSTS (Rmillion)

	Group		Company	
	2006	2005	**2006**	2005
Net financing costs comprise:				
Interest paid – external	**(149)**	(131)	**(67)**	(77)
Set-off of related financial instrument income	**104**	33		
Interest paid – subsidiaries			**(6)**	(15)
Financing costs	**(45)**	(98)	**(73)**	(92)
Financial instrument income			**104**	33
Interest received – external	**22**	38	**4**	5
Finance income	**22**	38	**108**	38
Net financing (costs)/finance income	**(23)**	(60)	**35**	(54)

19. TAX (Rmillion)

	Group		Company	
	2006	2005	**2006**	2005
Earnings before exceptional items:				
Current	**91**	51		
Deferred	**124**	122	**121**	100
Rate change adjustment (deferred)		(28)		(9)
Secondary tax on companies	**63**	26	**63**	26
Prior years	**(15)**	(10)	**(13)**	(10)
	263	161	**171**	107
Exceptional items:				
Deferred	**6**	1	**6**	1
Tax for the year	**269**	162	**177**	108
Foreign tax included above	**9**	7		
Tax charge at normal rate of South African tax	**288**	187	**236**	185
Adjusted for:				
Non-taxable income	**(89)**	(28)	**(123)**	(95)
Assessed losses of foreign subsidiaries	**4**	(5)		
Share of associate company's loss	**1**	7		
Non-allowable expenditure	**7**	7	**4**	5
Rate change adjustment (deferred)		(28)		(9)
Secondary tax on companies	**63**	26	**63**	26
Capital gains	**10**	6	**10**	6
Prior years	**(15)**	(10)	**(13)**	(10)
Tax charge as reported	**269**	162	**177**	108

19. TAX continued

	Group		Company	
	2006	2005	**2006**	2005
	%	%	**%**	%
Normal rate of South African tax	**29,0**	29,0	**29,0**	29,0
Adjusted for:				
Non-taxable income	**(9,0)**	(4,3)	**(15,1)**	(14,9)
Assessed losses of foreign subsidiaries	**0,4**	(0,8)		
Share of associate company's loss	**0,1**	1,1		
Non-allowable expenditure	**0,7**	1,1	**0,5**	0,8
Rate change adjustment (deferred)		(4,3)		(1,4)
Secondary tax on companies	**6,3**	4,0	**7,8**	4,1
Capital gains	**1,0**	0,9	**1,2**	0,9
Prior years	**(1,5)**	(1,6)	**(1,6)**	(1,6)
Effective rate of tax	**27,0**	25,1	**21,8**	16,9

Normal tax losses of R54 million (2005 – R472 million) have been utilised to reduce deferred tax. No deferred tax asset has been raised in respect of the tax losses of foreign subsidiaries that may not be utilised in the short-term or may expire in terms of applicable tax legislation.

20. HEADLINE EARNINGS (Rmillion)

	Group	
	2006	2005
Profit attributable to shareholders	**723**	472
Less after tax effect of:		
Exceptional capital items (refer to note 17)	**(20)**	(5)
Surplus on disposal of plant and equipment		(1)
Headline earnings	**703**	466
Headline earnings per share (cents)		
Basic	**666,4**	452,4
Diluted	**649,4**	441,5

21. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of ordinary shares in issue during the year. In the case of basic earnings per share the weighted average number of shares in issue during the year is 105 496 879 (2005 – 103 017 561). In respect of diluted earnings per share the weighted average number of shares is 108 260 821 (2005 – 105 552 404).

22. DIVIDENDS (Rmillion)

	2006	2005
Paid:		
Final for previous year, paid 23 March 2006 – 280 cents (2005 – 120 cents)	**294**	123
Interim for current year, paid 31 August 2006 – 200 cents (2005 – 120 cents)	**212**	124
	506	247

The final dividend for the year ended 31 December 2006 of 350 cents per share declared on 16 February 2007 and payable on 22 March 2007 has not been accrued.

23. FINANCIAL RISK MANAGEMENT

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

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

Credit risk

The Group's financial instruments do not represent a concentration of credit risk because the Group deals with a variety of major banks, and its accounts receivable and loans are spread among a number of major industries, customers and geographic areas. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. In addition, appropriate credit committees review significant credit transactions before consummation. Where considered appropriate, use is made of credit guarantee insurance. A suitable provision is made for doubtful debts. Financial guarantee contracts are accounted for as insurance arrangements.

Foreign currency risk

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

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

	Group				Company			
	Average contract rate	Commitment (Rmillion)	**2006 Fair value of FEC (Rmillion)**	2005 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	**2006 Fair value of FEC (Rmillion)**	2005 Fair value of FEC (Rmillion)
Imports								
US dollars	7,03	37	**(2)**	(1)	7,22	5		
Euro	9,22	18			9,33	1		
Australian dollars	5,75	5			5,75	5		
UK pounds	13,70	2						
		62	**(2)**	(1)		11		
Exports								
US dollars	7,10	378	**10**	7	7,32	124	**4**	4
Euro	9,22	43	**1**					
Australian dollars	5,61	5			5,61	5		
UK pounds	13,73	6						
		432	**11**	7		129	**4**	4
Loan capital payments and interest								
US dollars				(7)				
Net total		494	**9**	(1)		140	**4**	4

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

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

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

	Group				Company			
	Average contract rate	Commitment (Rmillion)	**2006 Fair value of FEC (Rmillion)**	2005 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	**2006 Fair value of FEC (Rmillion)**	2005 Fair value of FEC (Rmillion)
Imports								
US dollars	7,12	3			7,12	3		
Euro	9,30	5			9,30	5		
		8				8		
Exports								
US dollars	7,00	312	**6**					
Loan capital payments and interest								
US dollars	7,00	85	**1**					
Total		405	**7**			8		

Although not designated as a hedge for accounting purposes, these FEC's represent cover of existing foreign currency exposure. The FEC's in respect of the capital payments and interest on the loan will mature during 2007 and 2008.

The Group has the following uncovered foreign receivables:

	Group			Company		
	Foreign Amount (million)	**2006 (Rmillion)**	2005 (Rmillion)	Foreign Amount (million)	**2006 (Rmillion)**	2005 (Rmillion)
US dollars	6	**45**	8	1	**9**	6
UK pounds		**6**	4			
Euro	1	**5**				
		56	12		**9**	6

Commodity price risk

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

Tongaat-Hulett Sugar secures the premium on refined sugar exports from fluctuating international prices by using commodity futures.

African Products has secured its maize requirements for the current maize season to 31 May 2007 and a significant portion of its requirements for the year ending 31 May 2008 by means of unpriced procurement contracts and futures.

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

23. FINANCIAL RISK MANAGEMENT continued

Commodity price risk continued

At the year end the commodity futures contracts were:

	Group				Company			
	Tons	Contract value (Rmillion)	**2006 Fair value (Rmillion)**	2005 Fair value (Rmillion)	Tons	Contract value (Rmillion)	**2006 Fair value (Rmillion)**	2005 Fair value (Rmillion)
Futures hedge accounted:								
Raw sugar futures purchased	64 950	121	**1**	8	64 950	121	**1**	8
Raw sugar futures sold	58 222	148	**1**	(9)	58 222	148	**1**	(9)
Maize futures purchased	19 500	29	**(4)**	1	19 500	29	**(4)**	1
Maize futures sold	40 300	53	**(1)**	18	40 300	53	**(1)**	18
Aluminium futures purchased	10 838	200	**13**	7				
			10	25			**(3)**	18
Futures not hedge accounted:								
Aluminium futures sold	9 000	169	**(9)**					

Embedded derivatives:

	Group	
	2006 Fair value (Rmillion)	2005 Fair value (Rmillion)
Sales orders not yet fulfilled		(1)

Interest rate risk

The Group is exposed to interest rate risk on its fixed rate loan liabilities and accounts receivable and payable, which can impact on the fair value of these instruments. The Group is exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed using derivatives, where it is considered appropriate, and through the Group cash management system, which enables the Group to maximise returns while minimsing risks.

Liquidity risk

The Group manages its liquidity risk by monitoring forecast cash flows on a weekly basis. The Group has unutilised committed banking facilities of R1,0 billion (2005 - R1,3 billion).

24. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES (Rmillion)

	Interest of Holding Company			
	Shares		Indebtedness	
	2006	2005	**2006**	2005
African Products (Pty) Limited	**15**	15	**(15)**	(15)
# Hulett Aluminium (Pty) Limited (50%) Hulett-Hydro Extrusions (Pty) Limited (35%)	**297**	7	**840**	646
Moreland Estates (Pty) Limited			**(16)**	(223)
Tongaat-Hulett Sugar Limited Tambankulu Estates Limited (Swaziland) Açucareira de Moçambique, SARL (Mozambique) (75%) + Triangle Sugar Corporation Limited (Zimbabwe) + Hippo Valley Estates Limited (Zimbabwe) (50,35%)	**487**	487	**215**	164
The Tongaat Group Limited	**54**	54	**(43)**	(47)
	853	563	**981**	525

\# Joint venture
\+ Not consolidated, accounted for as an investment.

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

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

	Group		Company	
	2006	2005	**2006**	2005
Guarantees in respect of obligations of the Group and third parties	**57**	30	**21**	14
Contingent liabilities	**22**	14	**4**	11
	79	44	**25**	25

26. **LEASES** (Rmillion)

	Group		Company	
	2006	2005	**2006**	2005
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**1**	1		
Later than one year and not later than five years	**2**	2		
Later than five years	**1**	1		
	4	4		
Less: future finance charges	**(1)**	(1)		
Present value of lease obligations	**3**	3		
Payable:				
Not later than one year	**1**	1		
Later than one year and not later than five years	**2**	2		
	3	3		
Operating lease commitments, amounts due:				
Not later than one year	**13**	12	**8**	8
Later than one year and not later than five years	**29**	27	**18**	17
Later than five years	**3**			
	45	39	**26**	25
In respect of:				
Property	**28**	25	**16**	11
Plant and machinery	**11**	9	**5**	9
Other	**6**	5	**5**	5
	45	39	**26**	25

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

	Group		Company	
	2006	2005	**2006**	2005
Contracted	**169**	112	**77**	55
Approved but not contracted	**640**	187	**125**	137
	809	299	**202**	192

On 1 December 2006 the Board approved a R1,3 billion expansion of the sugar milling and cane growing activities at the Xinavane and Mafambisse sugar mills in Mozambique. The Xinavane project is subject to a favourable outcome to the Environmental Impact Assessment process currently underway.

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

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

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

	Group		Company	
	2006	2005	**2006**	2005
Goods and services:				
Between the company and its subsidiaries				3
Transacted between subsidiaries within the Group	**10**	3		
Transacted with/between joint ventures within the Group	**38**	39	**3**	3
Transacted with associate companies	**79**	75		
Sales to external related parties	**108**	90	**108**	90
Paid to the Tongaat-Hulett Pension Fund	**31**	29	**23**	21*
Transacted with directors of the company	**7**			
Administration fees and other income:				
Transacted between operating entities within the company			**2**	1
Between the company and its subsidiaries			**34**	20
Transacted between subsidiaries within the Group	**22**	25		
Transacted with/between joint ventures within the Group	**305**	235	**2**	2
Transacted with associate companies	**20**	11		
Paid to external related parties	**4**	4		
Interest paid:				
Transacted between operating entities within the company			**23**	16
Between the company and its subsidiaries			**2**	1
Transacted with/between joint ventures within the Group	**11**	6		
Interest received:				
Transacted between operating entities within the company			**112**	119
Transacted between subsidiaries within the Group	**22**	8		
Transacted with/between joint ventures within the Group	**12**	23	**43**	39
Transacted with associate companies	**1**			
Sale of fixed assets:				
Between the company and its subsidiaries			**314**	57
Transacted between subsidiaries within the Group	**9**			
Loan balances:				
Transacted between operating entities within the company			**1 296**	1 354
Between the company and its subsidiaries			**141**	62
Transacted with/between joint ventures within the Group	**329**	192	**840**	463
With the holding company	**12**			
External related parties	**8**	12	**8**	12
Dividends received:				
Transacted between operating entities within the company				47
Between the company and its subsidiaries				45
Transacted between subsidiaries within the Group	**61**	19		

Other related party information:
- Export partnership – refer to note 3
- Total dividends paid to the holding company and other shareholders – refer to note 22
- Directors – refer to note 30
- Increased investment of R254 million made in Triangle Sugar to acquire Hippo Valley Estates from Anglo American.

* Restated

29. RETIREMENT BENEFITS

Pension and Provident Fund Schemes

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

Defined Contribution Pension and Provident Schemes

There are three Group defined contribution schemes, one of which is located in Swaziland. The latest audited financial statements of these schemes all reflect a satisfactory state of affairs. Contributions of R16 million were expensed during the year (2005 – R16 million).

Defined Benefit Pension Scheme

There is one defined benefit scheme (The Tongaat-Hulett Pension Fund) for employees including those of the Hulett Aluminium Joint Venture. The Fund is actuarially valued at intervals of not more than three years using the projected unit credit method. In the statutory actuarial valuation of the scheme as at 31 December 2001 the Fund was certified by the reporting actuary to be in a sound financial position. With effect from 7 December 2001 the Pension Funds Second Amendment Act was promulgated. This Act requires the Fund to submit a plan for the apportionment on a fair basis to the employer and past and current members of the Fund of the actuarial surplus as at 31 December 2001. The apportionment plan must be approved by the Financial Services Board (FSB). Whilst the valuation of the Fund as at 31 December 2001 and the apportionment plan have been completed and submitted to the FSB, they have not yet been approved. Accordingly, due to the uncertainty regarding apportionment, no surplus has been recognised on the Group's balance sheet.

An actuarial valuation of liabilities, based on the existing benefits, carried out as at 31 December 2006 in accordance with IAS 19 Employee Benefits showed the present value of obligations to be adequately covered by the fair value of the scheme assets.

	2006 Rmillion	2005 Rmillion
Details of the valuation of the Fund (100%) are as follows:		
Fair value of plan assets:		
Balance at beginning of year	**4 554**	3 602
Expected return on scheme assets	**348**	283
Employer contributions	**39**	37
Members' contributions	**31**	30
Benefits paid	**(181)**	(179)
Net member transfers	**(9)**	(13)
Actuarial gain	**1 163**	794
Balance at end of year	**5 945**	4 554
Present value of defined benefit obligation:		
Balance at beginning of year	**3 465**	3 109
Current service cost	**81**	72
Interest cost	**265**	245
Members' contributions	**31**	30
Benefits paid	**(181)**	(179)
Net member transfers	**(9)**	(13)
Actuarial loss	**550**	201
Balance at end of year	**4 202**	3 465
Fund assets less member liabilities, before reserves	**1 743**	1 089

29. RETIREMENT BENEFITS continued

Defined Benefit Pension Scheme continued

	2006 Rmillion	2005 Rmillion
Asset information:		
Equities	**4 624**	3 512
Fixed interest bonds	**804**	684
Property	**8**	8
Cash	**509**	350
	5 945	4 554
Included in the assets of the scheme are ordinary shares held in The Tongaat-Hulett Group Limited, stated at fair value	**212**	125
Actual return on scheme assets	**1 511**	1 077
The principal actuarial assumptions are:		
Discount rate	**8,00%**	7,75%
Salary cost and pension increase	**4,75%**	4,25%
Expected rate of return on assets	**8,00%**	7,75%
Experience gains/(losses):		
Plan liabilities	**(429)**	(198)
Percentage of the present value of plan liabilities	**10,20%**	5,70%
Plan assets	**1 163**	794
Percentage of plan assets	**19,60%**	17,40%
Estimated contributions payable in the next financial year	**43**	39

Basis used to determine the rate of return on assets
The rate of return on assets is based on the annualised yield on the R186 Government bond together with an allowance for the risk premium that one could reasonably expect on investing in a corporate bond compared to a Government bond.

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

	Group		Company	
	2006 Rmillion	2005 Rmillion	2006 Rmillion	2005 Rmillion
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**277**	249	**230**	208
Unrecognised actuarial losses	**(36)**	(19)	**(32)**	(18)
Net liability in balance sheet	**241**	230	**198**	190
The liability is reconciled as follows:				
Net liability at beginning of year	**230**	221	**190**	184
Net expense recognised in income statement	**27**	25	**22**	20
Contributions	**(16)**	(16)	**(14)**	(14)
Net liability at end of year	**241**	230	**198**	190
Amounts recognised in the income statement:				
Service costs	**3**	4	**2**	3
Interest costs	**19**	19	**16**	15
Net actuarial losses recognised	**5**	2	**4**	2
	27	25	**22**	20

29. RETIREMENT BENEFITS continued

	Group		Company	
	2006	2005	**2006**	2005
The principal actuarial assumptions applied are:				
Discount rate	**8,00%**	7,75%	**8,00%**	7,75%
Health care cost inflation rate	**5,25%**	4,75%	**5,25%**	4,75%
Sensitivity of healthcare cost trend rates:				
1% increase in trend rate – effect on the aggregate of the service and interest costs	**4**	3	**3**	2
1% increase in trend rate – effect on the obligation	**34**	31	**27**	25
1% decrease in trend rate – effect on the aggregate of the service and interest costs	**4**	3	**3**	2
1% decrease in trend rate – effect on the obligation	**29**	26	**23**	21
Estimated contributions payable in the next financial year	**17**	16	**15**	15
Experience losses:				
On plan liabilities	**22**	4	**18**	6
Percentage of the present value of plan liabilities	**7,94%**	1,61%	**7,83%**	2,88%

Retirement gratuities

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

	Group		Company	
	2006 Rmillion	2005 Rmillion	**2006 Rmillion**	2005 Rmillion
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**59**	50	**51**	43
Unrecognised actuarial (losses)/gains	**(4)**	2	**(3)**	3
Net liability in balance sheet	**55**	52	**48**	46
The liability is reconciled as follows:				
Net liability at beginning of year	**52**	49	**46**	43
Net expense recognised in income statement	**7**	6	**6**	5
Payments made	**(4)**	(3)	**(4)**	(2)
Net liability at end of year	**55**	52	**48**	46
Amounts recognised in the income statement:				
Service costs	**3**	2	**2**	2
Interest costs	**4**	4	**4**	3
	7	6	**6**	5
The principal actuarial assumptions applied are:				
Discount rate	**8,00%**	7,75%	**8,00%**	7,75%
Salary inflation rate	**5,25%**	4,75%	**5,25%**	4,75%
Estimated contributions payable in the next financial year	**5**	5	**5**	4
Experience losses:				
On plan liabilities	**7**	2	**6**	1
Percentage of the present value of plan liabilities	**11,86%**	4,00%	**11,76%**	2,33%

30. DIRECTORS' REMUNERATION AND INTERESTS

Directors' remuneration (R000)

The directors' remuneration for the year ended 31 December 2006 was as follows:

Name	Cash package	Bonus	Retirement and medical contributions	Share option gains	Total
Executive directors:					
B G Dunlop	2 168	1 010	256	7 506	10 940
A Fourie	2 043	882	234	2 408	5 567
G R Hibbert	1 752	824	203	2 957	5 736
G P N Kruger	2 009	629	252	4 380	7 270
M H Munro	1 810	869	216	820	3 715
S J Saunders	2 010	907	235		3 152
M Serfontein	1 618	746	190	2 486	5 040
P H Staude	3 718	1 785	397	6 257	12 157
	17 128	7 652	1 983	26 814	53 577

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

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

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

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

30. DIRECTORS' REMUNERATION AND INTERESTS continued

Directors' remuneration (R000) continued

Name	2006 Fees	2006 Other	2006 Total	2005 Fees	2005 Other	2005 Total
Non-executive directors:						
D D Barber	**135**		**135**	115		115
P M Baum	**135**	**125**	**260**	115	69	184
I Botha	**135**	**142**	**277**	115	84	199
L Boyd	**135**	**178**	**313**	115	138	253
E le R Bradley	**135**	**233**	**368**	115	165	280
B E Davison	**135**		**135**	115		115
M W King	**135**	**142**	**277**	115	108	223
J B Magwaza	**135**	**140**	**275**	115	1 936ø	2 051
M Mia	**135**	**123**	**258**	115	105	220
T H Nyasulu	**135**	**32**	**167**	115	96	211
C M L Savage	**500**	**267**	**767**	230	628	858
R H J Stevens	**135**	**110**	**245**	115	100	215
A M Thompson	**135**	**72**	**207**	115		115
	2 120	**1 564**	**3 684**	1 610	3 429	5 039

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

Declaration of full disclosure

Other than that disclosed above, no consideration was paid to, or by any third party, or by the company itself, in respect of services of the company's directors, as directors of the company, during the year ended 31 December 2006.

Interest of directors of the company in share capital

The aggregate holdings as at 31 December 2006 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are beneficial except where indicated otherwise.

Name	2006 Direct shares	2006 Indirect shares	2005 Direct shares	2005 Indirect shares
Executive directors:				
B G Dunlop	**7 394**		4 210	
A Fourie	**11 007**		8 314	
G R Hibbert	**7 356**		24 872	
G P N Kruger	**6 589**		4 057	
M H Munro	**6 263**		3 704	
S J Saunders	**12 849**	**761 632**	9 982	761 632
S J Saunders (non-beneficial)		**487 376**		487 376
M Serfontein	**8 498**	**8 000**	6 141	8 000
P H Staude	**40 085**		32 930	
	100 041	**1 257 008**	94 210	1 257 008
Non-executive directors:				
L Boyd	**500**		500	
E le R Bradley		**99 316**		99 316+
E le R Bradley (non-beneficial)		**25 809**		25 809+
J B Magwaza	**5 760**		5 760	
C M L Savage	**24 003**	**73 225**	24 003	73 225
R H J Stevens	**618**		618	
	30 881	**198 350**	30 881	198 350

+ Reclassified

31. 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 and Group. 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) and the Deferred Bonus Plan 2005 (DBP).

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

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

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

Option price Rand	Expiring ten years from	Number of options at 31 Dec 2005	Options exercised in 2006	Options forfeited in 2006	Number of options at 31 Dec 2006	Options time constrained
33,25	4 November 1998	105 000	83 000		22 000	
32,90	5 March 1999	733 200	489 200		244 000	
40,10	7 May 1999	361 800	192 940		168 860	
30,00	19 May 2000	122 000	88 200		33 800	
29,40	26 July 2000	11 800	10 300		1 500	
39,85	12 January 2001	108 500	71 800		36 700	
40,00	16 May 2001	785 283	470 383	7 000	307 900	
42,00	15 August 2001	55 000	51 500		3 500	
49,60	13 May 2002	1 071 350	571 300	8 700	491 350	
31,90	14 April 2003	1 107 500	432 500	20 500	654 500	353 310
34,50	1 October 2003	45 000	10 500		34 500	13 500
47,00	21 April 2004	1 192 800	224 000	25 600	943 200	692 760
		5 699 233	2 695 623	61 800	2 941 810	1 059 570

The weighted average fair value costing of share options granted in 2003 and 2004, determined using the binomial tree valuation model, was R11,12 per share and R15,28 per share respectively. No awards were made in 2006 (2005 – nil) under the original share option schemes.

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

Share price at grant date	The share price at the date on which the share option is issued, as noted above.
Exercise price	The share price at grant date, as noted above.
Expected option life	114 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	9,02%
Expected volatility	Expected volatility of 35% is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share option did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3,9% was used.
Weighted average share price	R40,40
Expected early exercise	Early exercise is taken into account on an expectation basis.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
- Expected	67 months or 5 years (2005 – 73 months or 6 years)
- Contractual	120 months or 10 years

31. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

Share Appreciation Rights Scheme 2005

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

Grant price Rand	Expiring seven years from	Number of rights at 31 Dec 2005	Rights granted in 2006	Rights forfeited in 2006	Number of rights at 31 Dec 2006
57,58	10 May 2005	1 372 162		29 294	1 342 868
96,09	25 April 2006		1 341 102	29 376	1 311 726
		1 372 162	1 341 102	58 670	2 654 594

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

Share price at grant date	The price at which the share appreciation right is issued, as noted above.
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	2006 award – 7,22% (2005 award – 8,09%).
Expected volatility	Expected volatility of 35% is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 4,0% was used for the 2006 award (2005 award – 3,9%).
Weighted average share price	2006 award – R96,09 (2005 award – R57,58).
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is allowed.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Estimated fair value per right	2006 award – R18,11 (2005 award – R13,88).
Weighted average remaining life:	
- Expected	2006 award – 76 months or 6 years (2005 award – 64 months or 5 years)
- Contractual	84 months or 7 years

31. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

Long Term Incentive Plan 2005

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

Issue price Rand	Expiring three years from	Number of conditional awards at 31 Dec 2005	Conditional awards granted in 2006	Conditional awards forfeited in 2006	Number of conditional awards at 31 Dec 2006
57,58	10 May 2005	343 122		6 397	336 725
96,09	25 April 2006		183 218	918	182 300
		343 122	183 218	7 315	519 025

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

Share price at grant date	The price at which the conditional share award is issued, as noted above.
Exercise price	The share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2006 award – 7,01% (2005 award – 7,44%).
Expected volatility	Expected volatility of 25,60% for the 2006 award (2005 award – 27,02%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3,8% was used for the 2006 award (2005 award – 3,9%).
Weighted average share price	2006 award – R96,09 (2005 award – R57,58).
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Two years from issue 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	2006 award – R39,78 (2005 award – R24,96)
Weighted average remaining life:	
- Expected	2006 award – 28 months or 2 years (2005 award – 16 months or 1 year)
- Contractual	36 months or 3 years

31. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Deferred Bonus Plan 2005

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

Issue price Rand	Expiring three years from	Number of conditional awards at 31 Dec 2005	Conditional awards granted in 2006	Conditional awards forfeited in 2006	Number of conditional awards at 31 Dec 2006
57,76	4 May 2005	35 094			35 094
91,86	3 March 2006		25 831		25 831
		35 094	25 831		60 925

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

Share price at grant date	The price at which the deferred bonus share is issued, as noted above.
Exercise price	The share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	Not applicable.
Expected volatility	Not applicable.
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected.
Weighted average share price	2006 award – R91,86 (2005 award – R57,76).
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Two years from 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	2006 award – R72,47 (2005 award – R50,00)
Weighted average remaining life:	
- Expected	2006 award – 26 months or 2 years (2005 award – 16 months or 1 year)
- Contractual	36 months or 3 years

The deferred bonus shares were purchased by the participating employees on 2 March 2006 in respect of the 2006 award (2005 award – purchased over the period from 4 May 2005 to 10 May 2005).

31. EMPLOYEE SHARE INCENTIVE SCHEMES continued

Interest of directors of the company in share-based instruments

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

The Original Share Option Schemes

Name	Option price Rand	Expiring ten years from	Number of options at 31 Dec 2005	Options exercised in 2006	Number of options at 31 Dec 2006	Options time constrained
Executive director:						
B G Dunlop	33,25	4 November 1998	8 000	8 000		
	32,90	5 March 1999	39 000	39 000		
	40,10	7 May 1999	14 000	14 000		
	30,00	19 May 2000	7 000	7 000		
	39,85	12 January 2001	9 000	9 000		
	40,00	16 May 2001	30 000	30 000		
	49,60	13 May 2002	25 000	18 000	7 000	
	31,90	14 April 2003	24 400	15 000	9 400	7 320
	47,00	21 April 2004	3 600		3 600	2 160
			160 000	140 000	20 000	9 480
A Fourie	33,25	4 November 1998	4 000	4 000		
	32,90	5 March 1999	18 000	18 000		
	40,10	7 May 1999	5 200	5 200		
	30,00	19 May 2000	4 000	4 000		
	39,85	12 January 2001	2 400	2 400		
	40,00	16 May 2001	10 000		10 000	
	49,60	13 May 2002	35 000		35 000	
	31,90	14 April 2003	40 000	7 400	32 600	12 000
	47,00	21 April 2004	30 000		30 000	18 000
			148 600	41 000	107 600	30 000
G R Hibbert	33,25	4 November 1998	8 000	8 000		
	32,90	5 March 1999	40 000	40 000		
	40,10	7 May 1999	9 000		9 000	
	30,00	19 May 2000	4 000		4 000	
	39,85	12 January 2001	5 000		5 000	
	40,00	16 May 2001	15 000		15 000	
	49,60	13 May 2002	15 000		15 000	
	31,90	14 April 2003	15 000		15 000	4 500
	47,00	21 April 2004	25 000		25 000	15 000
			136 000	48 000	88 000	19 500
G P N Kruger	33,25	4 November 1998	8 000	8 000		
	32,90	5 March 1999	43 000	43 000		
	40,10	7 May 1999	14 000		14 000	
	30,00	19 May 2000	4 000	4 000		
	39,85	12 January 2001	5 000	5 000		
	40,00	16 May 2001	20 000		20 000	
	49,60	13 May 2002	25 000		25 000	
	31,90	14 April 2003	20 000	14 000	6 000	6 000
	47,00	21 April 2004	10 000		10 000	6 000
			149 000	74 000	75 000	12 000

31. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

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

The Original Share Option Schemes continued

Name	Option price Rand	Expiring ten years from	Number of options at 31 Dec 2005	Options exercised in 2006	Number of options at 31 Dec 2006	Options time constrained
Executive director continued:						
M H Munro	33,25	4 November 1998	4 000		4 000	
	32,90	5 March 1999	14 000	14 000		
	40,10	7 May 1999	5 800		5 800	
	30,00	19 May 2000	3 800		3 800	
	39,85	12 January 2001	2 400		2 400	
	40,00	16 May 2001	9 000		9 000	
	49,60	13 May 2002	11 500		11 500	
	31,90	14 April 2003	12 400		12 400	3 720
	34,50	1 October 2003	30 000		30 000	9 000
	47,00	21 April 2004	32 000		32 000	19 200
			124 900	14 000	110 900	31 920
S J Saunders	33,25	4 November 1998	8 000		8 000	
	32,90	5 March 1999	30 000		30 000	
	40,10	7 May 1999	14 000		14 000	
	30,00	19 May 2000	5 000		5 000	
	39,85	12 January 2001	5 000		5 000	
	40,00	16 May 2001	18 000		18 000	
	49,60	13 May 2002	18 000		18 000	
	31,90	14 April 2003	18 000		18 000	5 400
	47,00	21 April 2004	18 000		18 000	10 800
			134 000		134 000	16 200
M Serfontein	32,90	5 March 1999	19 000	19 000		
	40,10	7 May 1999	10 000	10 000		
	30,00	19 May 2000	5 000	5 000		
	39,85	12 January 2001	5 000	5 000		
	40,00	16 May 2001	15 000	5 000	10 000	
	49,60	13 May 2002	15 000		15 000	
	31,90	14 April 2003	20 000		20 000	6 000
	47,00	21 April 2004	14 000		14 000	8 400
			103 000	44 000	59 000	14 400
P H Staude	33,25	4 November 1998	10 000	10 000		
	32,90	5 March 1999	49 000	49 000		
	40,10	7 May 1999	14 000	14 000		
	30,00	19 May 2000	7 000	7 000		
	39,85	12 January 2001	9 000	9 000		
	40,00	16 May 2001	30 000	20 000	10 000	
	49,60	13 May 2002	65 000		65 000	
	31,90	14 April 2003	30 000		30 000	9 000
	47,00	21 April 2004	28 000		28 000	16 800
			242 000	109 000	133 000	25 800

31. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

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

The Original Share Option Schemes continued

Name	Option price Rand	Expiring ten years from	Number of options at 31 Dec 2005	Options exercised in 2006	Number of options at 31 Dec 2006	Options time constrained
Non-executive director: #						
J B Magwaza	30,00	19 May 2000	2 000		2 000	
	39,85	12 January 2001	1 600		1 600	
	40,00	16 May 2001	6 000		6 000	
	49,60	13 May 2002	6 000		6 000	
			15 600		15 600	
C M L Savage	32,90	5 March 1999	60 000		60 000	
	40,10	7 May 1999	50 000		50 000	
	39,85	12 January 2001	8 000		8 000	
	40,00	16 May 2001	22 000		22 000	
			140 000		140 000	
Total			1 353 100	470 000	883 100	159 300

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

31. **EMPLOYEES SHARE INCENTIVE SCHEMES** continued

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

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

Share Appreciation Rights Scheme 2005

Name of executive director	Number of rights at 31 Dec 2005	Rights granted in 2006	Number of rights at 31 Dec 2006	Rights time constrained
B G Dunlop	40 597	23 737	64 334	64 334
A Fourie	37 381	23 249	60 630	60 630
G R Hibbert	30 776	19 590	50 366	50 366
G P N Kruger	32 610	22 345	54 955	54 955
M H Munro	32 185	20 472	52 657	52 657
S J Saunders	31 003	21 680	52 683	52 683
M Serfontein	24 942	17 355	42 297	42 297
P H Staude	92 810	62 082	154 892	154 892
	322 304	210 510	532 814	532 814
Grant price (Rand)	57,58	96,09		
Expiring seven years from	10 May 2005	25 April 2006		

Long Term Incentive Plan 2005

Name of executive director	Number of conditional awards at 31 Dec 2005	Conditional awards granted in 2006	Number of conditional awards at 31 Dec 2006	Conditional awards time constrained
B G Dunlop	20 126	10 117	30 243	30 243
A Fourie	18 528	9 909	28 437	28 437
G R Hibbert	15 730	8 349	24 079	24 079
G P N Kruger	17 825	9 523	27 348	27 348
M H Munro	15 955	8 725	24 680	24 680
S J Saunders	17 308	9 240	26 548	26 548
M Serfontein	13 925	7 396	21 321	21 321
P H Staude	50 720	26 459	77 179	77 179
	170 117	89 718	259 835	259 835
Issue price (Rand)	57,58	96,09		
Expiring three years from	10 May 2005	25 April 2006		

Deferred Bonus Plan 2005

Name of executive director	Number of conditional awards at 31 Dec 2005	Conditional awards granted in 2006	Number of conditional awards at 31 Dec 2006	Conditional awards time constrained
B G Dunlop	4 210	3 184	7 394	7 394
A Fourie	3 314	2 693	6 007	6 007
G R Hibbert	3 310	2 484	5 794	5 794
G P N Kruger	3 852	2 532	6 384	6 384
M H Munro	3 204	2 559	5 763	5 763
S J Saunders	3 982	2 867	6 849	6 849
M Serfontein	3 141	2 357	5 498	5 498
P H Staude	10 081	7 155	17 236	17 236
	35 094	25 831	60 925	60 925
Issue price (Rand)	57,76	91,86		
Expiring three years from	4 May 2005	3 March 2006		

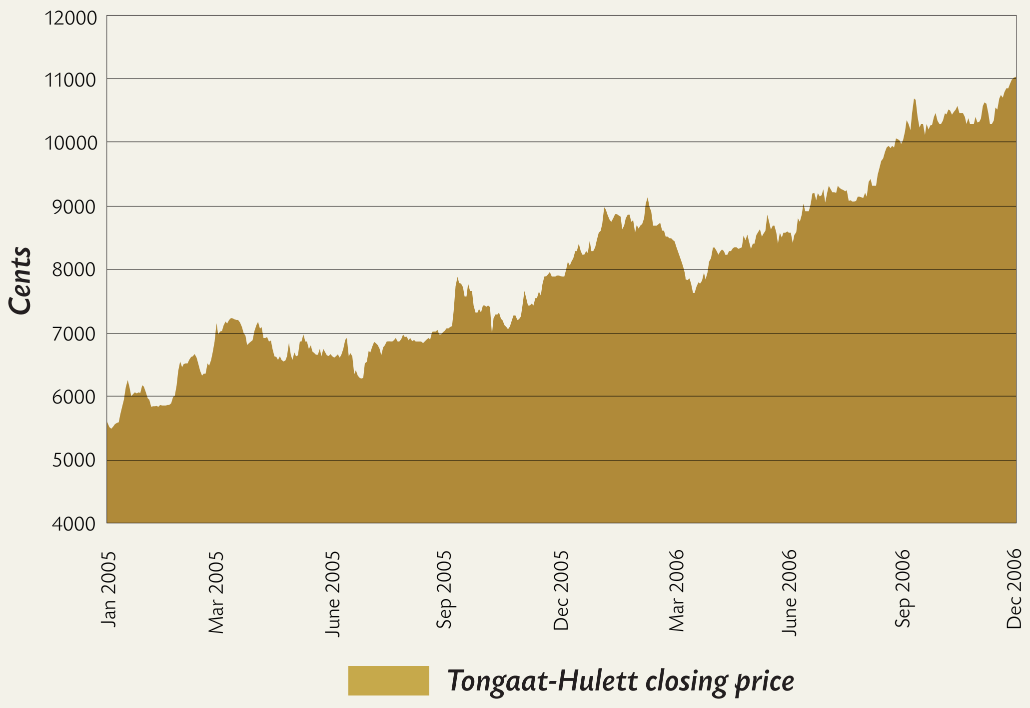
The deferred bonus shares were purchased by the participating employees on 2 March 2006 in respect of the 2006 award (2005 award – purchased over the period from 4 May 2005 to 10 May 2005).

SHARE OWNERSHIP ANALYSIS

at 31 December 2006

Number of shareholders	Spread	Shares held	% Held
5 047	1 – 1 000 shares	1 715 906	1,61
1 631	1 001 – 10 000 shares	4 918 117	4,61
274	10 001 – 100 000 shares	8 882 816	8,33
72	100 001 – 1 000 000 shares	19 296 384	18,11
7	more than 1 000 000 shares	71 778 029	67,34
7 031	Total	106 591 252	100,00
	Category		
95	Banks	4 293 264	4,03
89	Close Corporations	114 513	0,11
106	Endowment Funds	536 812	0,51
1	Holding Company	53 657 600	50,34
4 993	Individuals	5 289 801	4,96
28	Insurance Companies	2 051 576	1,92
30	Investment Companies	9 538 310	8,95
5	Medical Aid Schemes	70 082	0,07
105	Mutual Funds	8 881 798	8,33
1 097	Nominees and Trusts	4 637 348	4,35
93	Other Corporations	493 958	0,46
153	Pension Funds	15 767 516	14,79
215	Private Companies	861 502	0,81
21	Public Companies	397 172	0,37
7 031	Total	106 591 252	100,00
	Type of shareholder		
	Non-public		
18	Directors and associates of the company	1 586 280	1,49
1	Strategic holdings	53 657 600	50,34
4	Own holdings	77 716	0,07
4	Issuer pension funds	1 800 161	1,69
27	Total Non-public	57 121 757	53,59
7 004	Public	49 469 495	46,41
7 031	Total	106 591 252	100,00
	Beneficial shareholdings over four percent		
	Anglo South Africa Capital (Pty) Limited	53 657 600	50,34
	Public Investment Corporation	7 496 550	7,03
	Liberty Group	7 448 446	6,99

SHARE PRICE PERFORMANCE



SHAREHOLDERS' DIARY

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

CORPORATE INFORMATION

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

Group Secretary

M M L Mokoka
Appointed group secretary 2005

Business and Postal Address

Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal
P O Box 3
Tongaat 4400

Telephone: +27 32 439 4000
Facsimile: +27 32 945 3333
Website: www.tongaat.co.za
E-mail: info@tongaat.co.za

Bankers

First National Bank
of Southern Africa Limited
Nedcor Bank Limited
The Standard Bank
of South Africa Limited
ABSA Bank Limited

Attorneys

Bowman Gilfillan
Cox Yeats
Garlicke & Bousfield
Shepstone & Wylie
Taback & Associates

Independent External Auditors
Deloitte & Touche

Internal Auditors
KPMG
SizweNtsalubaVSP

Securities Exchange Listings

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

Transfer Secretaries

South Africa:
Computershare Investor Services
2004 (Pty) Limited
P O Box 61051
Marshalltown 2107

United Kingdom:
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Sponsor

Investec Bank Limited
100 Grayston Drive
Sandown
Sandton 2196

NOTICE TO SHAREHOLDERS

Notice is hereby given that the one hundred and fifteenth annual general meeting of shareholders will be held at the Corporate Office, Amanzimnyama Hill, Tongaat, KwaZulu-Natal on Wednesday 25 April 2007 at 09h00.

Order of business

1. To receive and consider the annual financial statements of the company and of the Group for the year ended 31 December 2006.
2. Appointment of auditors.
3. To elect directors in place of Mrs T H Nyasulu and Messrs D D Barber, I Botha, B G Dunlop, G P N Kruger, M H Munro and S J Saunders, who retire in accordance with the articles of association and who, being eligible, offer themselves for re-election. Details of each of these retiring directors are set out on pages 38 and 39 of the 2006 Annual Report.

   In addition to the above, shareholders are advised that Messrs M W King and L Boyd will retire from the board at the annual general meeting having reached the mandatory retirement age in terms of the articles of association of the company.

   Further, shareholders are advised that the unbundling and listing of Hulett Aluminium and the introduction of BEE equity participation will result in further changes to the composition of the Tongaat-Hulett and Hulett Aluminium boards and these will be communicated in the documents to be sent to shareholders in advance of these transactions being considered at a future special general meeting.

4. To consider and, if deemed fit, to pass, with or without modification, the following resolutions, subject to the approval of the JSE Limited ("JSE"):

Special Resolution Number 1

"Resolved as a special resolution that:

a. the acquisition by the company of shares or debentures ("securities") issued by it on such terms and conditions as the directors of the company may deem fit; and
b. the acquisition by any subsidiary of the company of securities issued by the company on such terms and conditions as the directors of any such subsidiary may deem fit;

be and it is hereby approved as a general approval in terms of sections 85 and 89 of the Companies Act, 61 of 1973, as amended ("the Companies Act") and in terms of the JSE Listings Requirements; provided that:

1. the number of ordinary shares acquired in any one financial year shall not exceed five percent of the ordinary shares in issue at the date on which this resolution is passed;
2. such general approval shall be valid only until the next annual general meeting of the company or the expiry of a period of 15 months from the date of this resolution, whichever occurs first, or until varied or revoked prior thereto by special resolution at any general meeting of the company;
3. such acquisitions may not be made at a price greater than ten percent above the weighted average of the market value for the securities on the JSE for the five business days immediately preceding the date on which the transaction for the acquisition is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five business day period;
4. the acquisitions be effected through the order book operated by the JSE trading system;
5. the company appoints, at any point in time, only one agent to effect any acquisition/s on the company's behalf;
6. the company complies with the shareholders' spread requirements in terms of the JSE Listings Requirements;
7. acquisitions will not be undertaken by the company or its subsidiaries during a prohibited period, as defined by the JSE Listings Requirements;
8. when the company and/or its subsidiaries have cumulatively repurchased three percent of the initial number (the number of that class of shares in issue at the time that general authority from shareholders is granted) of the relevant class of securities, and for each three percent in aggregate of the initial number of that class acquired thereafter, a press announcement must be made giving the details required in terms of the JSE Listings Requirements, in respect of such acquisitions;
9. the company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market;
10. before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, will ensure that for a period of 12 months after the date of the notice of annual general meeting:

- the company and the Group will be able, in the ordinary course of business, to pay its debts;
- the assets of the company and the Group, fairly valued in accordance with International Financial Reporting Standards , will exceed the liabilities of the company and the Group;
- the company and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes;

11. this authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company at the relevant time."

The general information regarding the company, referred to in paragraph 11.26(b) of the JSE Listings Requirements, is contained in the 2006 Annual Report as follows:

a. directors of the company (see pages 38 and 39);
b. major shareholders (see page 84);
c. directors' interests in the company's securities (see page 75 and pages 80 to 83);
d. share capital (see page 61).

There have been no material changes since 31 December 2006.

The company is not a party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors (whose names appear on pages 38 and 39 of the 2006 Annual Report) collectively and individually accept full responsibility for the accuracy of the information given and certify, that to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of the annual general meeting contains all information required by law and the JSE Listings Requirements.

The effect of special resolution number 1 is to provide a general authority for the company and its subsidiaries to acquire shares issued by it in accordance with the provisions of sections 85 and 89 of the Companies Act and the JSE Listings Requirements.

Ordinary Resolution Number 1

"Resolved as an ordinary resolution that the directors be and they are hereby authorised and empowered to do all such things and sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to the approval granted in terms of special resolution number 1."

Ordinary Resolution Number 2

"Resolved as an ordinary resolution that the unissued shares in the capital of the company (other than the shares reserved for the purposes of The Tongaat-Hulett Employees Share Incentive Scheme and The Tongaat-Hulett Group Limited 2001 Share Option Scheme) be and they are hereby placed under the control of the directors of the company who are hereby authorised to allot and issue such shares at their discretion upon such terms and conditions as they may determine, subject to the proviso that the aggregate number of shares to be allotted and issued in terms of this resolution shall be limited to five percent of the number of shares in issue at 25 April 2007 and subject to the provisions of the Companies Act and the JSE Listings Requirements."

Ordinary Resolution Number 3

"Resolved as an ordinary resolution that subject to the passing of ordinary resolution number 2 and the approval of a 75 percent majority of the votes cast by shareholders present in person or represented by proxy at the annual general meeting at which this resolution is proposed, and the JSE Listings Requirements, the directors of the company be and are hereby authorised and empowered to allot and issue for cash, without restriction, all or any of the unissued shares in the capital of the company placed under their control in terms of ordinary resolution number 2 as they in their discretion may deem fit; provided that:

a. this authority shall not extend beyond 15 months from the date of this annual general meeting;
b. a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, five percent or more of the number of ordinary shares of the company's ordinary share capital in issue prior to such issues provided further that such issues shall not in any one financial year exceed five percent of the company's issued ordinary share capital; and
c. in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be ten percent

of the weighted average traded price of the shares in question over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors. The JSE will be consulted for a ruling if the company's securities have not traded in such 30 business day period."

Ordinary Resolution Number 4

"Resolved as an ordinary resolution that the proposed fees, set out below, payable to non-executive directors for their services as directors on the board and on board committees for the period commencing 1 January 2007, as recommended by the Remuneration Committee and the board, subject to ratification by the shareholders at the annual general meeting, be and are hereby approved."

Proposed Directors' Fees with effect from 1 January 2007

Type of fee	Existing fees R	Proposed fees from 1 January 2007 R
Group Board:		
Chairman	500 000 pa	535 000 pa
Non-Executive Directors	135 000 pa	150 000 pa
Non-Executive Directors:		
Operating Company Boards	70 000 pa	80 000 pa
Audit and Compliance Committee:		
Chairman	140 000 pa	150 000 pa
Non-Executive Directors	70 000 pa	75 000 pa
Remuneration Committee:		
Chairman	106 000 pa	120 000 pa
Non-Executive Directors	53 000 pa	60 000 pa
Employment Equity :		
Non-Executive Directors	53 000 pa	60 000 pa

5. To transact such other business as may be transacted at a general meeting.

Voting

Any shareholder who holds certificated ordinary shares in the company or who holds dematerialised ordinary shares in the company through a Central Securities Depository Participant ("CSDP") and who has selected "own name" registration, may attend, speak and vote at the annual general meeting or may appoint any other person or persons (none of whom need be a shareholder) as a proxy or proxies, to attend, speak and vote at the annual general meeting in such shareholder's stead.

Should any shareholder who holds dematerialised ordinary shares in the company and has not selected "own name" registration, wish to attend, speak and vote at the annual general meeting, such shareholder should timeously inform his CSDP or broker for the purposes of obtaining the necessary letter of representation from such shareholder's CSDP or broker to attend the annual general meeting or timeously provide such shareholder's CSDP or broker with such shareholder's voting instruction in order for the CSDP or broker to vote on such shareholder's behalf at the annual general meeting.

A proxy form is enclosed for use by shareholders holding certificated ordinary shares in the company or dematerialised ordinary shares in the company through a CSDP and who has selected "own name" registration. Such proxy form, duly completed should be forwarded to reach the transfer secretaries of the company, by no later than 09h00 on Monday, 23 April 2007. The completion of a proxy form will not preclude a member from attending the meeting.

By order of the board

MMotoko

M M L Mokoka
Group Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

16 February 2007

The Tongaat-Hulett Group Limited

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

FORM OF PROXY FOR ANNUAL GENERAL MEETING

Note: All beneficial shareowners that have dematerialised their shares through a CSDP or broker, other than those which are in "own name", must NOT COMPLETE THIS FORM.

Instead, they must either provide the CSDP or broker with their voting instructions, or alternatively, should they wish to attend the meeting themselves, they may request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and the CSDP or broker.

A member entitled to attend and vote at the meeting mentioned below is entitled to appoint a proxy to attend, speak and, on a poll, to vote in his stead. A proxy need not be a member of the company.

I / We ....
(Name in block letters)

of ....
(Address in block letters)

being the holder/holders of .... ordinary shares in The Tongaat-Hulett Group Limited do hereby appoint

....

or failing him, Mr C M L Savage or failing him, Mr P H Staude as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at 09h00 on Wednesday 25 April 2007 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions.

Proposed resolution	**For**	**Against**	**Abstain**
Adoption of financial statements.			
Appointment of auditors – retaining of Deloitte & Touche.			
Re-election of directors:			
D D Barber			
I Botha			
B G Dunlop			
G P N Kruger			
M H Munro			
T H Nyasulu			
S J Saunders			
Special Resolution Number 1 authorising the repurchase of issued ordinary shares to a maximum of five percent in any year.			
Ordinary Resolution Number 1 authorising directors to give effect to Special Resolution No. 1.			
Ordinary Resolution Number 2 authorising the placing of unissued share capital under the control of directors to a maximum of five percent of the issued share capital.			
Ordinary Resolution Number 3 authorising directors to issue for cash unissued shares in terms of Ordinary Resolution No. 2.			
Ordinary Resolution Number 4 approval of directors' fees.			

Signed this .... day of .... 2007 Signature ....

Completed forms of proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Monday, 23 April 2007.

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

United Kingdom: Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Notes:

1. A member's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A member may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A member who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the member's votes exercisable at the annual general meeting.

2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the company's share registrar or waived by the chair of the annual general meeting.

3. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

4. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrars of the company.

5. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the member wishes to vote.

The Tongaat-Hulett Group Limited