Tongaat Hulett

ANNUAL REPORT 2008

CONTENTS 2008

INTRODUCTION TO TONGAAT HULETT

Tongaat Hulett is an agri-processing business which includes integrated components of land management, property development and agriculture. Through its sugar and starch operations in Southern Africa, Tongaat Hulett produces a range of refined carbohydrate products from sugar cane and maize. It has considerable expertise in downstream agricultural products, biofuel production and electricity cogeneration. Competition for water and alternative land usages is an ongoing dynamic. Tongaat Hulett balances the operational requirement for cane supplies to its sugar cane processing operations with the transition of agricultural land to other uses at the appropriate times. It is well positioned to benefit from the changing world of agriculture and agri-processing.

Over the past century, Tongaat Hulett has established itself as a leading large scale agri-processing business which has its base firmly established in Southern Africa. Demand for food products is increasing worldwide, renewable energy has introduced a new dimension to agriculture and agricultural trade regimes are changing, with Africa and the European Union (EU) moving closer as a trade bloc. Further opportunities for expansion and growth in Africa are thus emerging. Tongaat Hulett has the established business platform and size to capitalise on these opportunities.

The successful management of the socio-economic and political dynamics of agriculture, land, water, agri-processing, food and energy are integral to the business. The growth and development of Tongaat Hulett's operations, in the selected regions in which it operates, have involved establishing credible partnering relationships with local communities, governments and employees over time. Its 25 percent South African Black Economic Empowerment (BEE) equity participation transactions and involvement in post settlement land claim solutions, the partnership with the Mozambique government in establishing the Mozambique sugar operations and its programmes to establish indigenous cane farmers in Zimbabwe illustrate the level of understanding and extent of relationships in the region.

The integrated business model involves land and water management, agriculture, agri-processing and the transition to property development and other uses at the appropriate times. Tongaat Hulett is able to maximise value through the various phases of land usage, from acquisition, agriculture and agri-processing to the transition to property development. This carefully managed process continues to enhance the value of Tongaat Hulett's remaining land. As Durban grows and further developments such as the new international airport at La Mercy materialise, the importance of the agricultural land conversion to development is increasing.

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

Possessing a portfolio of sugar operations and assets in some of the lowest cost sugar production areas in the world, coupled with its leading Huletts® sugar brand, world class technology and preferential market access, Tongaat Hulett is in the advantageous position of being able to capitalise on the changing sugar fundamentals in world markets.

The sugar assets are located in Southern Africa. Production in 2008 amounted to 1 106 000 tons of sugar and actions are underway to increase sugar cane supplies in order to utilise the available milling capacity that will be in excess of 1 960 000 tons by the 2009/10 season. Further expansion potential exists, particularly in the low cost production areas of Zimbabwe and Mozambique.

In South Africa, Tongaat Hulett's sugar milling, refining and agricultural operations are located on the North Coast of KwaZulu-Natal and in the Zululand region, where it has four sugar mills with installed capacity to produce more than 1 million tons of sugar per annum. The sugar operations are strategically positioned to leverage efficiencies and economies as sugar milling in the region improves its cost competitiveness. The matching of milling capacity to available cane supplies remains a key driver of low cost sugar production. The central refining capacity of some 600 000 tons offers the organisation unique advantages.

The downstream and sugar value added operations include South African refined exports, domestic marketing and sales, Botswana and Namibia packing and distribution, as well as Voermol animal feeds. Key to enhanced value creation are the market leading Huletts® and Voermol® brands. The South African sugar operations product range offers a total sweetener solution including a range of high intensity sweeteners. The Voermol Feeds operation markets its range of energy and supplementary feeds to the livestock farming community.

Tongaat Hulett is able to take advantage of the evolving renewable energy dynamics in its sugar operations by substituting the production of molasses and sugar for the international market with the production of bio-ethanol for the local market. The opportunity exists through additional capital investments to increase the efficiency in which the energy component of bagasse is converted to electricity thereby substantially increasing the quantum of electricity produced at its mills for use by third parties.

In Mozambique, sugar operations consist of the sugar mills and estates surrounding Xinavane and Mafambisse. Following the expansion projects currently underway, sugar production will be in excess of 300 000 tons by 2010. The sugar estates are fully irrigated and are located in areas with ideal growing conditions resulting in high cane and sucrose yields. These agricultural conditions combined with the sugar mills close proximity to the ports and technology availability and support from South Africa create a platform for future growth. Mozambique's LDC and ACP status allows its products to enter the EU on a duty free basis, giving it an advantage over countries such as Brazil.

Sugar operations in Zimbabwe consist of Triangle and a 50,35 percent stake in Hippo Valley Estates, representing a combined installed sugar milling capacity of 600 000 tons. The lowveld in Zimbabwe, with excellent topography, climate and established water storage and conveyance infrastructures for irrigation, is recognised as the lowest cost sugar producer in Southern Africa, if not the world. The operations at Triangle have produced, since 1980, industrial alcohol as an extension of the manufacturing process, with capital invested during 2007 to convert this to fuel grade ethanol.

Tongaat Hulett conducts its business operations in a manner that seeks to create value for all stakeholders, is sustainable and contributes meaningfully to the social and physical environment in which it operates. A high priority is placed on all aspects of safety, health and environment. Tongaat Hulett has a BEE scorecard rating as a Level Four Contributor with a score of 70,38 percent achieved in 2008 and was included in the JSE's Socially Responsible Investment Index for the fifth consecutive year.

CAPITALISING ON TONGAAT HULETT'S *STRATEGIC PLATFORM*

- Tongaat Hulett grew profit from operations in 2008 by 35 percent to R1,132 billion as it continued to capitalise on its competitive position as an agri-processing business which includes integrated components of land management, property development and agriculture.
- There is a worldwide trend of increasing food consumption and demand for agricultural products, with resultant opportunities to increase revenue from starch and glucose, raw sugar, refined sugar, fructose and other value added products.
- The evolving world sugar fundamentals support the strategy of sugar expansions in low cost regions with access to attractive markets. Tongaat Hulett's focus is to increase sugar production substantially from the level of 1 106 000 tons produced in 2008. Sugar milling capacity will be in excess of 1 960 000 tons in the 2009/10 season, including the Mozambique expansions at Xinavane and Mafambisse.
- Current developments in Zimbabwe are encouraging. In normalised conditions the Zimbabwean sugar operations would have twice the capacity of the expanded Mozambique operations, with similar market access and lower costs.
- The structural changes that are taking place in international agricultural commodity markets have resulted in improved competitiveness of South African maize and of Tongaat Hulett's starch operations, which have additional capacity for local and export growth.
- In a world that values the environmental benefits of renewable energy and is attempting to reduce its carbon footprint through lower carbon dioxide emissions and a decrease in reliance on fossil fuels, Tongaat Hulett's Southern African cane processing operations are well placed to increase realisations from bagasse and other cane biomass in electricity cogeneration production. Sugar cane is also the most cost effective and environmentally efficient feedstock for ethanol production.
- The value of the Huletts® brand continues to be optimised in South Africa, the largest sugar market in the Southern African region. The established Voermol® animal feeds brand is another cornerstone of the downstream value added activities.
- Agricultural land conversion sales in the short term are expected to come from the growth corridor north of Durban that commences inland of Umhlanga/Umdloti, extends around the new international airport at La Mercy and includes the greater Tongaat region. Tongaat Hulett owns 6 086 gross hectares in this corridor. Given the housing backlog and Government's commitment to infrastructure spend, there is both opportunity and socio-economic urgency to establish communities with affordable housing in this area and to accelerate land conversion for airport services and support logistics, niche industrial, health care, education and social facilities. In the present economic conditions, few hectares are likely to be converted to development in the high value, prime locations on the coastline (Tongaat Hulett's 6 006 hectares) and to the west of eThekwini (2 050 hectares) and the focus is on securing infrastructure and development rights, for conversion at the appropriate time.
- The safety and the welfare of all employees remains a key priority as the business strives to create a workplace free of injuries. The Lost Time Injury Frequency Rate declined to 0,11 from 0,14 in 2007 with a reduction of over 90 percent over the past six years.
- Tongaat Hulett is focused on sustainable BEE and indigenisation in the agriculture sector through the development of local farmers in Mozambique, Zimbabwe and South Africa, including post settlement solutions in the land reform programme.
- Tongaat Hulett's 25 percent BEE equity participation includes strategic partners, disadvantaged communities surrounding its land developments, small cane grower communities surrounding its South African sugar mills and BEE management and employee share ownership schemes. The company continues to work with these BEE partners to enhance its competitive position in the region.
- Tongaat Hulett has the advantage, in the prevailing global economic turbulence, of operating in a number of less affected market sectors, having specific opportunities in its operations and being favoured by a weaker Rand.

CHAIRMAN'S STATEMENT

Cedric Savage
Chairman

It gives me great pleasure in this, being my last Chairman's Statement of Tongaat Hulett, to congratulate the CEO, Peter Staude, his executive and staff for the outstanding results achieved in 2008 under difficult economic and business circumstances.

I have had the privilege of working for the company for 31 years. Having joined the company in August 1977, 24 years were spent in an executive capacity and the past 7 years as the non-executive Chairman of Tongaat Hulett. During this period the shape and scale of Tongaat Hulett has changed considerably, but it has always been led by an impressive team of top business and professional people. In line with world trends, the company has moved from an industrial conglomerate to a more focused agri-processing business, which includes integrated components of land management, property development and agriculture.

My successor as Chairman will be elected by the Board before the forthcoming Annual General Meeting. Ideally, I would have wished to welcome the new incumbent in this Annual Report, but I can say with confidence that the new appointee will be appropriate and respected, knowing the strength and experience of the existing Board members available for the position.

Following the corporate restructuring process in 2007 and the introduction of our broad based Black Economic Empowerment (BBBEE) equity partners, the Board has benefited greatly from BBBEE participation and involvement and continues to be sensitive to the wider needs of all its stakeholders. In this regard, it was pleasing to be accredited as a Level Four Contributor in Tongaat Hulett's BBBEE status verification process, conducted by the National Empowerment Rating Agency.

Growth in Earnings

I am delighted to be able to refer to another successful year for Tongaat Hulett. The earnings of the company are now more reflective of the restructured company and are not as distorted as in 2007 due to the major restructuring that took place.

The Board has declared a final dividend of 150 cents per share which, together with the interim dividend of 160 cents per share, amounts to a total annual dividend of 310 cents per share for the 2008 year.

Board Changes

I would like to take the opportunity to welcome Mrs Fatima Jakoet, Dr Vincent Maphai and Mrs Nonhlanhla Mjoli-Mncube who joined the Board as non-executive directors on 1 October 2008. They are widely experienced and their insight and contributions to the Board in the future will be greatly valued.

Mrs Elisabeth le Roux Bradley, who joined the Board in 1987, is due to retire with effect from the forthcoming Annual General Meeting on

29 April 2009, having reached mandatory retirement age. On behalf of the Board I thank her as a non-executive director, the Chairman of the Audit and Compliance Committee and a member of the Remuneration Committee. She has made an outstanding contribution and we wish her every happiness in her retirement.

Business Sustainability

The company continues to strive to achieve its stated employment equity, training and development, and affirmative action procurement targets and has made pleasing inroads in this area. Substantial improvements continue to be achieved in safety performance at all operations of the company.

Comprehensive HIV and AIDS management programmes are in place encouraging employees to know their status through Voluntary Counselling and Testing (VCT). 80% of the employees in South Africa, 70% in Swaziland, 65% in Mozambique and 69% in Zimbabwe have had their status determined.

Tongaat Hulett was again included in the JSE Socially Responsible Investment (SRI) index for the fifth year in a row, and was ranked among the 21 top performing listed companies on the index. The inclusion in the SRI index once again recognises and provides an important benchmark for the company's sustainability initiatives.

The company is well placed for meeting the many challenges it faces in achieving its triple bottom line objectives.

Corporate Governance

The company is committed to maintaining the highest standards of corporate governance. The Board complies in all material respects with the recommendations and requirements embodied in the King II Report on Corporate Governance and the related requirements of the JSE.

Tongaat Hulett's corporate governance reporting was acknowledged when it won the Mid Cap Category Award at the Chartered Secretaries of Southern Africa's Annual Report Awards in 2008, which highlights the benchmark for governance reporting in Africa.

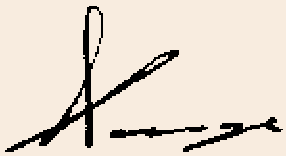
The Board continues to endorse the underlying principles of openness, integrity, accountability, transparency and social responsibility. The company has recognised the need to provide timeous, relevant and meaningful reporting to all stakeholders.

Appreciation

In conclusion, I wish to pay tribute to a group of outstanding people both at Board and executive level, with whom I have worked and benefited from during my time at Tongaat Hulett and over the years, too many to mention by name. Peter Staude and his competent executive team have played a pivotal role in entrenching a culture of performance and productivity, which has enhanced the capacity of all our people to cope with the demands of a challenging business environment and I extend to them my sincerest appreciation and thanks.

I also wish to record my congratulations to every member of the staff of the company, all of whom have combined to produce another memorable year of achievement.

I have no doubt that Tongaat Hulett, from its well-established and sound platform, will continue its sustainable growth into the future.



Cedric Savage
Chairman

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Tongaat, KwaZulu-Natal

19 February 2009


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CHIEF EXECUTIVE'S REVIEW

Peter Staude
Chief Executive Officer

Tongaat Hulett grew profit from operations in 2008 by 35 percent to R1,132 billion with headline earnings improving to R583 million (2007: R61 million) as it continues to capitalise on its competitive position as an agri-processing business which includes integrated components of land management, property development and agriculture.

The benefits of increased focus and related actions in the business gained momentum during the year. In Mozambique excellent progress was made on the sugar expansion that will benefit from the improved market access for Least Developed Countries (LDC) to the European Union (EU). In the starch operations, the advances made over a number of years ensured that the operation was able to benefit from the improved local maize and international starch and glucose markets. The continued expansion of eThekwini and the need to provide the necessary infrastructure to support community developments resulted in the successful conclusion of land sales in the eThekwini growth corridor, in a market environment where conditions deteriorated in the prime residential, resorts and commercial sectors. In the South African sugar operations improved domestic sales volumes, a higher world price and a weaker exchange rate combined with increased contributions from downstream value added activities resulted in an improvement in operating earnings.

The Zimbabwean operations had to contend with the extreme effects of hyperinflation, exchange rate movements, foreign currency shortages, price controls and a loss of skills. These circumstances lead to the collapse of Zimbabwean macroeconomic fundamentals with the manufacturing sector alone estimated to be operating at less than 20 percent of its capacity. In these uncertain and volatile times, the first signs of change within Zimbabwe are beginning to materialise. The impasse between opposition parties is beginning to recede with the formation of a Government of National Unity and the Governor of the Reserve Bank of Zimbabwe has announced significant monetary reforms that seek to facilitate the upliftment and restoration of various key economic sectors. These reforms are positive for Tongaat Hulett's operations in Zimbabwe and are anticipated to be backed by the necessary regulatory changes that will result in a relaxation of government intervention in the Zimbabwean economy.

Tongaat Hulett continues to be recognised for its achievements in the area of transformation and during 2008 it was ranked fourth out of all listed companies in South Africa and as the top food and beverage company in the annual Financial Mail empowerment survey. During the second BEE accreditation process, Tongaat Hulett achieved a score of 70,38 percent (2007: 75,16 percent) and was awarded Level Four Contributor status in terms of the broad based South African BEE scorecard, which entitles its customers to recognise in their own scorecards their full procurement spend with the company.

The safety and the welfare of all employees remains a key priority as we strive to create a workplace free of injuries. Regrettably, the seven fatalities that occurred during the year served as a cruel reminder of the risk profiles that exist across the operations. The emphasis in safety programmes has undergone a step change with a shift in focus to identifying high risk activities at each operation and the implementation of associated actions that include an evaluation of the effectiveness of existing control measures, risk assessment training for all management and supervisory staff, accreditation, selection and management of contractors, accident and incident investigations, and workforce training and involvement. In 2008, progress was made in reducing safety risks as reflected in the continued reduction in Lost Time Injuries to 57 (2007: 71) and the reduction in the Lost Time Injury Frequency Rate to 0,11 (2007: 0,14). The provision of primary health care services continues to receive a high focus with particular emphasis on the health risks posed by HIV and AIDS, malaria and cholera to its staff and the communities in the regions in which it operates.

TONGAAT HULETT'S COMPETITIVE POSITION IN A CHANGING WORLD OF AGRICULTURE

Review of the Global Environment within the Context of Prevailing Economic Conditions

Agricultural markets continue to be supported by the strong underlying growth in food demand being driven by income growth and changing dietary patterns in developing countries as population numbers increase. This is coupled with an increase in the number of people in the world that are estimated to be undernourished to 960 million and will place additional pressure on the need to expand global food production. Low and stable prices for agricultural commodities that existed during the past two decades discouraged the necessary increases in production, resulted in less research into improving agricultural productivity and a decrease in global stocks. These factors, coupled with the recent development of renewable energy, albeit at decreased rates in the short term, continuing market reforms and adverse weather conditions have resulted in the prices of agricultural commodities remaining above their longer term average despite recent reductions as a result of current global market conditions.

As the pressure on the world's scarce fresh water resources increases, Sub-Saharan Africa, excluding South Africa, with less than 10 percent of its existing available water resources being utilised, is in a position to make more efficient use of this resource in order to increase agricultural production.

The interrelationships between crops, such as soya and other edible oils, maize, cassava, wheat and sugar cane are increasing as farmers and agri-processors are confronted by choices as to which crops to farm and process, based on their relative profitability and initial input cost requirements given the restricted access to credit supply in the current markets. Tongaat Hulett, with its portfolio of agri-processing assets, is well positioned in this world of increasing demand for agricultural products.

World sugar prices, after initially increasing to levels of 14,5 US cents per pound in early 2008, declined to levels as low as 10 US cents per pound despite a reduction in sugar production in India. Early in 2009, sugar prices recovered to 13 US cents per pound. Factors that continue to affect prices include improving margins of low cost sugar cane producers in the developing world due to exchange rate movements, lower international oil prices, the reforms in the EU sugar sector and the expectation that India will move from a sugar surplus to the need to import sugar to supplement local production.

The international maize price has experienced a period of high volatility and after rising to record levels during the first part of 2008 has fallen rapidly to current levels as the impact of the global financial market crisis continues. The weakness of the South African Rand along with other emerging market currencies has limited the decrease in the South African maize price, resulting in a price which allows farmers to cover input costs whilst local prices remain competitive in world terms. This is expected to support improved margins in the production of starch-based products.

The global proportion of the world population living in urban areas was estimated at 50 percent in 2005 with projections by the United Nations indicating a rise to 60 percent by 2030. This trend is equally prevalent in South Africa where the provision of housing, specifically for those with limited incomes is seen as a national priority. Recent reports have estimated the national housing backlog at 2,2 million units with approximately 200 000 of those in eThekwini.

The growth in demand for agricultural products, coupled with an increase in competition for alternative land usage due to increasing urbanisation and tourism growth, is resulting in an increase in the significance of agricultural land in many countries. In such an environment, Tongaat Hulett with its strong mix of agri-processing and prime land assets in Southern Africa has the opportunity to create substantial value over time in all phases of land usage, from acquisition, agriculture and agri-processing to the transition to development.

Expanding Sugar Production to Benefit from Improved Access to Attractive Markets

The 2009 financial year will mark a significant change in the scale of Tongaat Hulett's Mozambique sugar operations with the commissioning of the expanded Xinavane sugar mill with an installed capacity to crush 1,7 million tons of cane and produce 208 000 tons of sugar per annum by 2010. The 2009 cane harvest will be drawn from the expansion in the area under cane rising from 8 163 hectares in 2008 to 12 877 hectares in 2009. At Mafambisse the 2 100 hectare expansion at Lamego South will boost sugar production to levels above 100 000 tons by 2010.

The pace at which reforms in the EU sugar industry have been adopted continued to increase in 2008. Sugar production in the EU is projected to fall to 13 million tons in 2009/10 from prior levels in excess of 20 million tons prior to the key 1 October 2009 deadline which allows LDC and African, Caribbean and Pacific (ACP) countries duty and quota free access to the EU. This decrease in production, coupled with constraints in the expansion of sugar cane production in EU and certain LDC and ACP countries, is creating opportunities for those LDC and ACP countries with the available production capacity. Tongaat Hulett has concluded agreements with marketing partners in the EU for 90 000 tons of its EU market access tonnages at levels above the institutional reference price and continues to engage with other prospective buyers.

Land Management, Agricultural Land Conversion and Development

The significance of Tongaat Hulett's landholdings within the SADC region, particularly the prime locations within the city limits of eThekwini and the coastal areas south of the Tugela River, require an effective land management and property development approach.

The development pressures on the eThekwini region are increasing, driven by an expanding urban population, the R10 billion investments in the expansion of the port and the new airport and trade port and the topography of the region which is limiting the region's development choices. Tongaat Hulett's landholdings include land suitable for the city's expansion. Its landholdings consist of 6 006 hectares


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in the prime developable coastal areas north of Durban, a further 2 050 hectares to the west of the city and 6 086 hectares located in the eThekwini growth corridor north of the city.

These 14 142 hectares of landholdings form part of the 148 621 hectares that provide cane to the sugar cane mills. With sugar cane production having declined from the levels reached in 2000, a number of initiatives are underway to improve the supply of cane to the mills. These initiatives seek to improve yields, assist with the productive resolution of land claims in areas of cane supply and increase the area under cane. During 2008 Tongaat Hulett was successful in increasing the area under cane by 8 103 hectares.

Renewable Energy in the Agricultural Value Chain

It is estimated that energy generation accounts for up to 60 percent of global CO_2 emissions and the reduction of its impact on the environment remains a policy imperative for many national governments as they seek to reduce CO_2 emissions and limit their effect on climate change. The significant investment in ethanol facilities in South and North America and in the EU in biodiesel facilities, coupled with legislation, such as the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007 in the United States along with similar legislation in the EU, are expected to keep the demand for biofuels high in the medium to longer term in order to reduce dependence on fossil fuel.

In Brazil ethanol from sugar production is able to compete with crude oil as a source of fuel at a world price above US$40 to US$45 per barrel and results in between 70 and 90 percent less CO_2 emissions than fuels produced from crude oil. Although significant debate and research continues surrounding the use of food crops as sources of renewable energy, ethanol from sugar cane with its status as the most cost effective and environmentally efficient feedstock is estimated in research conducted by the World Economic Forum to triple its global production capacity by 2030. Sugar cane grows well in many Southern hemisphere countries and has the potential to substantially increase production without impacting on food security.

In Brazil and Columbia, two of the fastest growing sugar industries in the world, clearly defined government strategies have provided a clear framework and support that have resulted in the establishment and viability of a significant sugar cane industry where the integrated renewable energy component has been a key part of its success.

In South Africa, the power supply situation in 2008 stabilised, as the global economic downturn saw reduced electricity demand as a number of large expansion projects were either cancelled or put on hold. Electricity generation also improved as Eskom increased its coal stockholdings and conducted an extensive maintenance programme at its generating units. This is likely, in the short term, to allow Eskom to address the supply shortfall via its Energy Conservation Scheme comprising voluntary reductions by consumers, the proposed Power Conservation Programme that includes mandatory regulations to reduce demand and ongoing focus on maintaining coal stock levels and generating plant maintenance programmes. The introduction of new participants in the power generation sector remains constrained with possible entrants unable to compete at current electricity prices that rely on long-term input agreements at prices well below current global averages and an installed capital base that does not reflect the replacement cost of these power stations.

Renewable energy in the Southern African sugar industry remains a key element for the growth and long-term viability of millers and growers as it should create opportunities for increased realisations from bagasse and molasses. Tongaat Hulett's sugar mills in Southern Africa, operating at full capacity, would have the potential to generate approximately 660MW of electricity using current technologies if they were to utilise all the bagasse and two thirds of the tops and trash from the cane supplied to the mills. This would have the environmental benefit of saving 2 million tons of coal annually and reducing CO_2 emissions by 4,25 million tons in season.

Tongaat Hulett has made progress in completing the necessary environmental impact assessment approvals and detailed design and engineering for the expansion of its cogeneration capacity at its Felixton operation and will be in a position to proceed with the project when more competitive market conditions prevail in the electricity generation industry.

FINANCIAL RESULTS FOR 2008

Revenue increased by 11 percent to R7,1 billion in 2008 and profit from operations grew by 35 percent to R1,132 billion. Headline earnings improved to R583 million (2007: R61 million which were affected by corporate structuring transactions).

Profit from the starch and glucose operations grew to R240 million (2007: R105 million), as margins recovered in improved market conditions. Local maize prices traded closer to world prices from April 2008. Prices in international starch and glucose markets improved as demand for agricultural commodities increased with changing dietary habits. Co-product prices increased due to greater international demand for edible oils and proteins.

Profit from the various sugar operations grew to R606 million (2007: R360 million) with the Zimbabwean operations being accounted for on a dividend received basis. Total sugar production in 2008 was 1,106 million tons (2007: 1,119 million tons). The factors affecting production levels are explained in the Review of Operations and include a reduction in the Zimbabwean sugar crop in 2008.

The Mozambique operations' contribution to profit increased to R250 million (2007: R88 million). At Mafambisse, following the completion of the agriculture expansion, Tongaat Hulett's shareholding increased from 75 percent to 85 percent. At both Mafambisse and Xinavane, as the plant-up areas of the agriculture expansion reached completion, shareholder loans have been converted to equity and the benefit of currency gains realised.

The South African agriculture, sugar milling and refining operations contributed R73 million to profit (2007: R46 million). The small 2007 and 2008 crops resulted in lower raw sugar export volumes and upward pressure on costs per ton. There were higher export and domestic sales realisations. In May 2008 the fire at the raw storage facility at the sugar refinery destroyed raw sugar storage buildings, conveyor equipment and 5 000 tons of raw sugar. Production resumed after a 21 day period. Comprehensive insurance is in place and R39 million has been recognised to date as a loss of profits insurance claim and R49 million has been included in capital profits as an insurance net gain in respect of the building and equipment destroyed in the fire.

The downstream sugar value added activities contributed R204 million to profit (2007: R138 million). The South African refined exports, domestic marketing, sales and distribution activities delivered another good performance, as did the Botswana and Namibian sugar packing and distribution operations. Voermol, the downstream animal feeds operation increased profits due to improved margins.

Dividends of R35 million (2007: R53 million) were received from Triangle Sugar in Zimbabwe.

The Swaziland operations contribution to operating profit increased by 26 percent to R44 million.

Operating profit from agricultural land conversion and developments amounted to R263 million (2007: R428 million) with a further R22 million in capital profits (2007: R48 million) being realised. Market conditions for property development in the prime residential, resorts and commercial sectors were depressed during the year, while the demand for land for affordable housing and industrial property in the Durban area remained positive. The shortage of established industrial logistics, support and service locations, continues to delay development north of Durban. During the year 181 developable hectares (368 gross hectares) were sold, comprising 21 hectares in prime locations, mainly Umhlanga Ridgeside and Umhlanga Ridge Town Centre, and 160 hectares for affordable housing in the Cornubia area.

The centrally accounted and consolidation items include an R86 million gain on the recognition of an unconditional entitlement, in 2008, to an employer surplus account in respect of the 2001 surplus apportionment in the Tongaat Hulett pension fund.

Cash inflow from operations increased to R965 million for 2008 (2007: R502 million), including a release of cash from working capital. Tongaat Hulett's net debt has increased to R2,356 billion from R991 million at the end of 2007, with significant capital expenditure, mainly on the Mozambique expansion and investment in sugar cane growing crops. Net finance costs increased to R280 million, with the higher interest rates and the increased borrowings in the business.

The effective tax rate for the year ended 31 December 2008 was 23,8 percent. This is lower than the statutory tax rate of 28,0 percent, primarily as a result of the effect of the lower tax rates in Mozambique and Botswana, non-taxable foreign income, and the impact of the reduction in the South African corporate tax rate on the carrying value of deferred tax. This was, to some extent, offset by the secondary tax on companies charge.

The 2007 financial results included the main effects of the completed corporate structuring transactions – the listing and unbundling of Hulamin, a share buy-back and the 25 percent BEE equity participation transactions. The 2008 results include the ongoing amortisation of the employee BEE equity transactions' IFRS 2 charge to the income statement and the consolidation of the BEE special purpose vehicles, as required by International Financial Reporting Standards (IFRS). The balance sheet reflects the consolidation of the debt in the BEE equity participation entities, which is independent of the Tongaat Hulett net debt and is to be effectively equity settled.

The Board has declared a final dividend of 150 cents per share. This brings the total annual dividend to 310 cents per share, which is the same as the prior year.

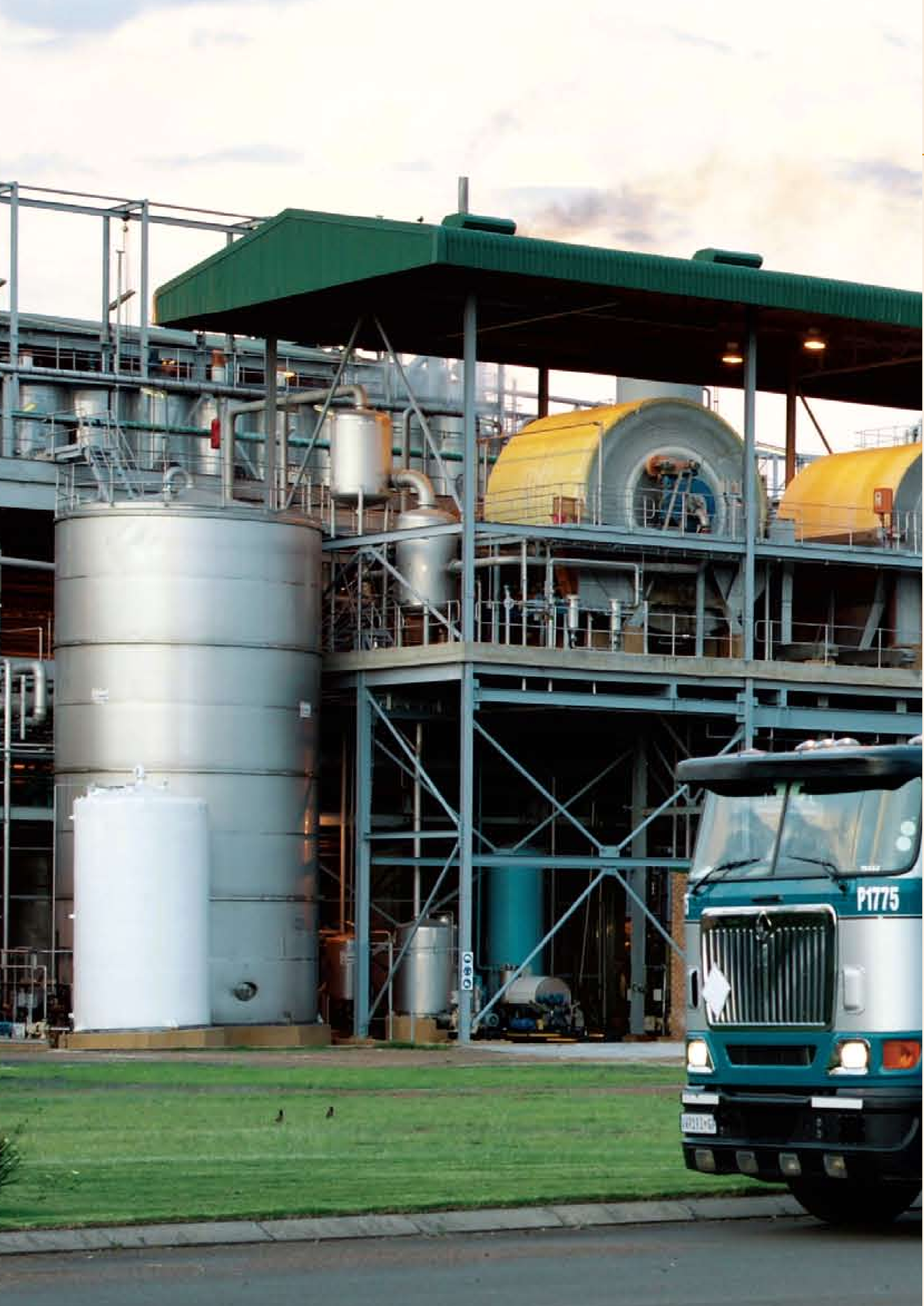
REVIEW OF TONGAAT HULETT'S OPERATIONS

Tongaat Hulett has the advantage of owning a compelling mix of agri-processing assets in Southern Africa with access to attractive markets. Its expansion path favours large scale agriculture and agri-processing operations in selected countries, given the importance of understanding and establishing social, political and community support in Africa and the associated land and water management requirements. Through its South African sugar and starch and glucose operations, it produces almost half of the refined carbohydrates manufactured in South Africa. In starch, one of nature's most versatile raw materials, and in sugar, arguably nature's most efficient source of carbohydrate, Tongaat Hulett has the platform for a variety of downstream products. Product development within the organisation follows an integrated approach between the sugar and starch operations and has seen the successful commercialisation in 2008 of high purity fructose from sugar with a number of significant opportunities under investigation. Its four significant operations in Mozambique and Zimbabwe are located in agricultural areas that represent some of the lowest cost sugar production regions in the world.

STARCH AND GLUCOSE

Maize Procurement

As worldwide demand for food increases and an increasing proportion of food crops are diverted to renewable energy, global food commodity stocks, such as maize, are declining. The low stock levels, combined with a limited ability to increase the area of land available to agriculture, have lead to increases in the international price of maize to levels at which the South African agricultural industry is competitive. This encouraged increased planting in South Africa which, coupled with good weather, resulted in an excellent crop of 12 million tons which was harvested in mid 2008. The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increased crop resulted in South African maize prices, despite the higher local price, trading at levels close to the price of maize in international markets and supported Tongaat Hulett Starch's competitiveness from April 2008. The outlook for the 2008/09 crop remains positive with planting intentions of 2,56 million hectares being slightly below those for 2007/08. Early weather conditions have been favourable and as a result expectations are for a crop similar in size to the prior season.

International prices, after peaking at a price of US$295 per ton in July 2008, have declined to levels around US$150 per ton because of the impact of the world economic situation and falling oil prices. At these levels, prices remain above the long term average Chicago Board of Trade (CBOT) price of US$95. Local producers have been cushioned from this decline by a weaker exchange rate and local prices continue to trade at levels US$5 to US$10 above the CBOT price.

Tongaat Hulett secures its physical supply of non-genetically modified maize through direct contracting with farmers and contracting for delivery with selected grain traders. The physical supply for the remainder of the 2007/08 maize season and the bulk of the physical supply for the 2008/09 season has been contracted.

The pricing of the maize continues to be delinked from the physical supply utilising two established methods, namely toll manufacturing arrangements with selected customers where the final product price reflects the maize input costs, and the back-to-back contracting approach in which the maize is priced at the time the final product price is agreed with a customer. These approaches effectively eliminate the risk of profit volatility that could arise from valuation adjustments on maize. The back-to-back method does not eliminate the profit volatility which arises due to the relative prices of South African maize compared to the world prices.

A third pricing mechanism, which secures the local price of maize at a level relative to the international price has been developed and applied for the first time in 2008. This mechanism, referred to as a "gap hedge" allows Tongaat Hulett to take advantage of periods when the South African maize price is at a level (gap) that is competitive with the international price of maize. This is achieved by contracting for a fixed quantity of maize at a local price that will maintain a constant premium or discount in US dollars to the CBOT price.

Utilising a combination of the above three methods has resulted in the maize price on approximately 70 percent of the 2009 local maize requirements being hedged at levels close to the international price of maize at December 2008.

Local Market

Domestic volumes in the starch operation grew by 1 percent in 2008. Growth of 12 percent in the confectionery sector and 5,5 percent in the coffee creamers sector was offset by volumes in the papermaking sector reducing by 9,6 percent and in the alcoholic beverage sector by 2,5 percent. In a number of other major sectors, such as corrugated packaging, volumes were in line with the prior year.

The trend towards increased prices for starch and glucose in international markets continued well into 2008 and this resulted in improved pricing in the South African market. The starch operation derives approximately 84 percent of its local sales volumes from industry sectors related to consumer foods and products. It is anticipated that demand in these market sectors will offset volume losses experienced in the industrial sectors of the market.

New product development for the local and export markets continued in 2008 with the commissioning late in the year of a second pre-gelatinsation plant at the Meyerton mill. The new plant will supply waxy modified starches to local and export markets. Ongoing research trials and market development continued for Zeba®, a starch based hydropolymer product used as a soil amendment agent that is able to retain and release water and nutrients. The results of the trials continue to reflect the benefits of the product in improving crop yields and quality.

Export Markets

Exports in 2007 had been constrained by the high relative price of maize in South Africa, compared to the world price. The closure of this gap for most of 2008 allowed the starch operation the opportunity to compete more aggressively in export markets resulting in volumes increasing by 40,6 percent over 2007.

In particular, the operations set up to trade in the Australian market started to enjoy success, winning a major contract for supply of modified starch into the mining industry in Australia.

Cost Management, Efficiencies and Capacity Utilisation

Various initiatives to reduce costs and improve efficiencies continued in 2008. These included a significant focus on boiler performance, with encouraging improvements in coal usage at Kliprivier, ongoing focus on delivery performance resulting in significant improvements in customer service on starch products and a number of projects focused on improving electricity usage. Wet mill capacity utilisation increased from 75 percent in 2007 to 77 percent in 2008.

Initiatives to reduce storage and handling costs continued during the period with the establishment of a 20 000 ton bunker silo facility at the Kliprivier mill. The utilisation of silo bags at various locations continued and was effective in reducing the overall costs of storage.

Trends in International Starch and Glucose Markets

The early part of 2008 saw continued upward pressure on starch and glucose prices on the back of higher agricultural commodity prices resulting in an improvement in margins for starch and glucose producers. Decreases in prices in the latter part of the year on the back of falling raw material prices have been offset by lower maize input costs and freight rates resulting in margins remaining constant. Globally, the quality of product from China, a major exporter, remains a concern following the melamine crisis during 2008.

SUGAR CANE PROCESSING

Sugar cane processing operations in Southern Africa have previously been confronted by global and regional market conditions that resulted in declining returns and inhibited reinvestment in the industry. In a global environment that has seen agricultural market reforms, increasing demand for food and the integration of renewable energy and agriculture, these changes, particularly given the correct regional legislative frameworks and support, will significantly enhance agriculture and agri-processing in the region. As sugar cane is increasingly viewed as feedstock material that can be processed to produce a variety of products and co-products, a number of additional business opportunities for its processing or beneficiation are likely to be created.

SOUTH AFRICAN SUGAR OPERATIONS

SA Sugar Crop, Agriculture, Cane Supply and Milling Capacity Utilisation Initiatives

The sugar mills situated on the North Coast of KwaZulu-Natal continue to experience a shortage of cane supply. Grower viability, the uncertainty created over land ownership and adverse weather conditions in recent years have all contributed to reduced cane supply. The increase of 8 103 hectares in the area under cane in 2008 to 148 621 hectares was offset by a continuation in the adverse growing conditions experienced since 2006 and limited the increase in sugar production to 644 000 tons (2007: 604 000 tons).

Sugar cane production per hectare of cane has declined from levels of 64 tons per hectare achieved in 2000 by 26 percent because of the factors outlined above. In order to match existing capacity at its South African cane milling operations, land management and cane supply initiatives to increase the area of land under cane and improve yields have been identified for implementation.

The dominant features of achieving greater yields per hectare lie in sugar cane receiving the appropriate amount of rainfall at suitable times of the year, together with improved farming practices. Processes designed to encourage and enable growers to apply the correct farming practices are currently underway with the aim of improving yields to above 64 tons per hectare in a good rainfall year. These processes are supported by the expansion of Tongaat Hulett's cane extension services and the associated transport initiatives to support the establishment of cane on third party land that is fallow or being utilised for alternate crops. Initiatives to increase cane supply by acquiring land that is currently not supplying the mills, supports property development and adds value to its existing landholdings continue to be pursued.

As part of the overall land management process, Tongaat Hulett is assisting in the land claims processes within its cane catchment area in a positive and constructive manner that ensures cane supply to its mills is sustained. The post settlement model entails working with the claimant communities in order to assist them with business management and the development of successful farming practices, both during the transitional period prior to the settling of the claim and once the claimant community has taken ownership of the land.

Tongaat Hulett is able to demonstrate proof of ownership on its landholdings pre-dating 1913. Some 5 495 hectares of Tongaat Hulett owned land, of which 1 050 hectares is prime development land, is under gazetted land claims. Tongaat Hulett has reached agreement on the disposal of 3 230 hectares of bushveld land with the Regional Land Claims commission and continues to monitor and assist in the settlement of land claims on land supplying its mills in the most appropriate manner to improve future cane supplies.

Operational Performance – Milling and Refining

Tongaat Hulett's sugar technology leadership was confirmed during the year with milling performance continuing to exceed industry benchmarks measured in terms of critical sugar recovery. Improvements in efficiencies and capacity at the refinery continued, despite a fire destroying the raw sugar warehouse and causing the refinery to shut for 21 days. Refined production for the year was 549 000 tons (2007: 574 000 tons) and would have exceeded 2007 levels were it not for the fire. Continued focus on operational efficiencies resulted in improvements in a number of areas and will see the refinery achieve production in excess of 600 000 tons. These improvements have resulted in a decrease in the cash cost of operating the refinery to US$36 against the current refined white sugar premium of US$80 per ton.

Domestic Market

Tongaat Hulett continues to optimise the value of the Huletts® brand as the leading sugar brand in South Africa. The brand remains the cornerstone of Tongaat Hulett Sugar's market positioning and offers a total sweetener solution including a range of high intensity sweeteners. During 2008 the successful commissioning of a liquid fructose plant at the refinery has added liquid fructose to this range. Market demand for liquid fructose has exceeded expectations and work is continuing on efforts to debottleneck the pilot plant whilst the feasibility of a larger scale production facility is investigated.

Local market sugar sales of 466 000 tons increased by 1 percent over prior year sales of 460 000 tons with stockholdings at 31 December 2008 increasing to 173 000 tons (2007: 144 000 tons). Sugar prices in South Africa remain the lowest in the region with the current price of 23,6 US cents per pound being 10 percent below the next highest price in the region.

The application that was made through the South African Sugar Association (SASA), with the support of the DTI, to ITAC for an increase in the import tariff reference price from US$330 to US$400 per ton has received two objections. SASA is currently responding to the objections. A successful outcome on this application will enhance protection in the local market against duty paid imports in times of low world prices.

International Markets

Following the small 2007 and 2008 crops, export volumes from South Africa were 210 000 tons (2007: 245 000 tons) and were sold at an effective world sugar price of 12,1 US cents per pound (2007: 11,8 US cents per pound) at an average exchange rate of R8,05/US$ (2007: R7,12/US$). Stock on hand at the end of December 2008 was 89 000 tons (2007: 62 000 tons).

Voermol

Having pioneered the production of bagasse and molasses-based animal feeds under the Voermol® brand, this 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. This operation is integral to the strategy of optimising value from molasses and bagasse from the sugar mills and showed an increased contribution to earnings in 2008.

MOZAMBIQUE SUGAR OPERATIONS

Tongaat Hulett's sugar operations in Mozambique consist of the Xinavane and Mafambisse sugar mills and surrounding estates. The 2009 year marks a watershed in the development of these operations with the commissioning in late April 2009 of the expanded Xinavane sugar mill and the harvesting of the expanded sugar estates at Xinavane and Mafambisse that will result in sugar production in 2009 being more than double that achieved in 2008.

Mozambique Sugar Crop, Agriculture and Milling Capacity Expansions

During 2008 the complexities and interruptions associated with the expansion projects in the Mozambique operations and the diversion of 64 000 tons of cane, representing approximately 8 000 tons of sugar, to seed cane in the agricultural expansion of Xinavane resulted in sugar production of 108 000 tons being in line with prior year production.

As part of the Xinavane mill expansion, good progress on the 6 500 hectare agricultural expansion of the sugar cane estates was made during 2008 with sugar cane being planted on 5 470 hectares. The 2009 area under cane supplying the Xinavane mill of 12 877 hectares, which includes 2 028 hectares of outgrower cane, will be expanded during the course of the next two years to 15 858 hectares comprising 11 879 hectares from company owned estates and 3 979 hectares from outgrower estates. It is anticipated that all except 2 percent of this total area would have been planted by the end of 2009. At Lamego South the 2 100 hectare expansion was completed during 2008, to further utilise the spare capacity of the Mafambisse sugar mill. Production at Mafambisse was 45 000 tons (2007: 41 000) and at Xinavane 63 000 tons (2007: 67 000 tons).

The expansion of the Xinavane sugar mill continues to make good progress. A number of key pieces of equipment are on the critical path with initial crushing scheduled for May 2009.

These expansions in Mozambique will result in production of 300 000 tons of sugar by 2010.

Renewable Energy

In Mozambique, the duty free access into the EU for LDC and ACP countries is of particular relevance. The primary focus of ethanol production in these operations would be for sale to the EU in terms of Mozambique's preferential market access. Tongaat Hulett is pursuing opportunities for producing biofuel at Cofomosa (Moamba) in Mozambique as part of the expansion plans at Xinavane.

SWAZILAND SUGAR CANE OPERATION

The Tambankulu sugar cane estate in Swaziland has consistently achieved excellent sucrose yields due to the good soils and growing conditions in the region. These conditions resulted in the production of a raw sugar equivalent of approximately 56 000 tons during 2008 (2007: 58 000 tons) which although below the record levels achieved in 2007, remains well above comparable estates in the region. The operations also benefited from higher realisations within the Swaziland sugar industry.

ZIMBABWE SUGAR OPERATIONS

Tongaat Hulett's strategy, in respect of its wholly-owned Triangle Sugar and its 50,35 percent held Hippo Valley Estates, under the extremely difficult circumstances during the period under review, was to manage these operations as far as possible to ensure that the infrastructure and skills base was maintained. In addition there is an increasing emphasis on re-establishing outgrower production to former levels.

In the 2008 season, sugar production was 298 000 tons compared to the 349 000 tons produced in 2007. The business has had to contend, inter alia, with the extreme effects of hyperinflation, exchange rate movements, foreign currency shortages and price controls in Zimbabwe. In addition to the impacts of the low cane throughput, principally from outgrower cane land, the crushing season has been affected by production stoppages caused by the non-availability of spares and a shortage of boiler fuel. Refined sugar and alcohol production levels were significantly impacted by poor energy balances in the two sugar mills. Alcohol has been produced at the sugar operations in Zimbabwe since 1980, with Zimbabwe as an ACP country enjoying similar preferential market access to attractive European markets, as do Tongaat Hulett's Mozambique operations. Local market sales for 2008 remained at selling prices significantly below world and regional levels.

Rehabilitation of Existing Capacities

Zimbabwe's land reform programme was undertaken with various shortcomings including a lack of provision for equipment, working capital, finance and training for the newly settled farmers to grow and harvest the established sugar cane crop. This has led to yield reductions of 72 percent on outgrower farms, with the crops perishing on 38 percent of these farms. In addition, shortages of agro-chemicals, spares and foreign currency have detrimentally affected both the company's as well as outgrower estates.

Despite efforts in 2008 to commence with the rehabilitation of outgrower estates, the deteriorating macroeconomic environment that prevailed restricted meaningful progress in this regard.

It is estimated that under improving macroeconomic conditions the rehabilitation of the outgrower sector of approximately 15 000 hectares will take place over a period of three to four years. The most significant source of funding for this rehabilitation will be accessing the EU Adaption Aid Funding. In the case of Zimbabwe, Euro 45 million has been allocated, most of which will be channeled through the Canelands Trust that has been set up by the company, with oversight provided by the EU and the Government of Zimbabwe. The first tranche of Euro 2,7 million has been made available to establish the project's administrative capability with the balance of the funding conditional upon, amongst other issues, security of land tenure and the removal of domestic market price controls on sugar. The capital cost to restore milling capacity to 600 000 tons sugar per annum is estimated to be less than R100 million.

The Triangle and Hippo Valley operations provide extension services and support programmes to all qualifying outgrowers of sugar cane through technical training, sourcing of key inputs and finance, and access to surplus farming assets at Mkwasine.

LAND MANAGEMENT AND DEVELOPMENTS

Value Creation from Agricultural Land Conversion

Worldwide population growth, urbanisation, expanding middle classes, food scarcity and environmental concerns are increasing the competition for and underlying scarcity and value of agricultural and urban land. The phases of property markets and the timing thereof are difficult to predict, being strongly influenced by local factors and global events. Over a number of years, Tongaat Hulett has developed the ability to optimise the value of and earnings from its landholdings, while minimising risk, through its profile of:

- Leading land conversion skills and competencies,
- Bulk, concentrated land ownership in areas of high demand / value,
- Planning and commercial partnerships with eThekwini and KwaDukuza municipalities and other tiers of government,
- Optimising the pace of transition for value in the development cycle,
- The optimisation of landholding value contributions and the minimisation of risk through continuity of agricultural use of land up to final transition to property developments,
- A number of land use and land conversion options,
- Various options for securing cane and maize supplies,
- Opportunities for the land reform process to increase the agricultural base and developmental prospects, and
- The combination of agriculture, agri-processing and property development provides many options of how

to satisfactorily deal with land claim issues with Tongaat Hulett able to prove ownership for all developable land dating back to before 1913.

Tongaat Hulett's land management, planning and development competencies provide the platform for protecting land rights, cane supply to mills and the ability to manage the land reform process. This is coupled with co-ordinated, holistic large scale and long-term development planning that realises optimal value from agricultural land conversion and enables Tongaat Hulett to manage the pace of land conversion by securing timeous and optimal development rights and bulk infrastructure investment. A key factor in the success of Tongaat Hulett's conversion of some 2 200 hectares of land over the past 15 years has been the fact that each development, whilst being commercially viable in its own right, has been able to increase the value of the remaining land assets.

Market Review and Operating Environment

Conditions in several property market sectors in which Tongaat Hulett operates were adversely impacted during the first half of 2008 by a number of local factors, which included a backlog in investment in public infrastructure and the National Credit Act and were compounded by deteriorating global market conditions and falling confidence in the latter part of the year. These conditions look set to endure for some time and hence the timing for conversion of agricultural land into office and retail, as well as high-end residential and resort development, is anticipated to remain generally unfavourable.

eThekwini, as one of South Africa's fastest growing cities and economic centres continues to experience increasing urbanisation combined with an existing and growing backlog in the provision of housing, social facilities and employment. This has stimulated extensive Government investment in economic development infrastructure in the region to the north of eThekwini. With the city's growth constrained because of its natural topography, its primary development opportunities lie to the north and west of the city.

Tongaat Hulett, with approximately 8 136 gross hectares (5 111 developable hectares), out of a total of 14 142 gross hectares, located in these regions, is uniquely positioned to assist government in the conversion of land for new housing and employment opportunities. These developments create further demand for associated uses and activities such as

social amenities that include educational institutions, health and public services and other community services, all of which require further land conversion.

The eThekwini growth corridor to the north of the city, with government infrastructural investment in excess of R8 billion taking place at the new international airport at La Mercy and the surrounding Dube Tradeport, will be a key development node.

Through its partnerships with government and the opportunities that the eThekwini growth corridor provides, Tongaat Hulett concluded sales in 2008 of 160 developable hectares of land in Cornubia for the development of housing by the eThekwini Municipality. These transactions followed extensive engagement with local and provincial government over the past year and have entrenched a co-operative relationship with the eThekwini Municipality. The improved relationship resulted in positive engagements and alignment on strategic planning tools such as the Northern Spatial Development Plan, Local Economic Development Plan for Tongaat and other Local Area Plans.

At the southern end of the eThekwini growth corridor, Bridge City continues to create an improved environment and new opportunities for the surrounding communities with over R700 million being invested by the government in infrastructure, such as the new rail spur and railway station, link roads and interchanges. This is over and above the new shopping centre, provincial hospital and regional magistrates' court.

Niche opportunities continue to exist in the prime residential, commercial and industrial areas (6 006 gross hectares and 3 978 developable hectares) where the supply of land with development rights remains constrained. Progress is being made in acquiring rights and infrastructure that improve the conversion value of land in these sectors. Opportunities for sales at the right prices and with appropriate risk and working capital profiles will continue to be pursued. During 2008, sales of 21 hectares were achieved in Umhlanga Ridge Town Centre, Ridgeside and Zimbali.

SUSTAINABILITY

Tongaat Hulett is committed to the principles of sustainable development and their integration into all aspects of its business activities. Safety, health and environment, broad based Black Economic Empowerment, human resources and skills development, employment equity, indigenisation and corporate social investment in the communities in which it operates, remain key areas of focus.

In line with the objective of creating a workplace free from injuries, Tongaat Hulett continued with improvements in safety performance in 2008. The Lost Time Injury Frequency Rate reduced to 0,11 from 0,14 in 2007, with a reduction of over 90 percent over the past six years. Regrettably, seven fatal accidents occurred during the year emphasising the importance of the increased focus being paid to the identification and elimination of high risk activities. The sugar operations at Mafambisse in Mozambique and Triangle in Zimbabwe each experienced two fatalities, with the Felixton and Darnall sugar mills in South Africa and the Xinavane operation in Mozambique recording one fatality each. These tragic incidents that cause family suffering and hardship were investigated thoroughly, with action taken to prevent a recurrence of these types of incidents.

As part of a comprehensive programme to eliminate occupational health risks, holistic health programmes are in place at all operations. These primary health care services are provided at company clinics, first aid centres and the high quality company hospital in Zimbabwe and include risk assessment and control measures, hygiene surveys and medical surveillance. Given the extent of the HIV and AIDS pandemic in the areas in which the company operates and its impact on the associated economies and communities, these primary health programmes are underpinned by a comprehensive HIV and AIDS programme focusing on the prevention, treatment, care and support for the disease. Employees are actively encouraged to participate in voluntary counseling and testing (VCT). During 2008, progress continued to be made across all countries in the number of employees participating in VCT, resulting in the South African operations achieving a record level of 80 percent of employees who know their HIV and AIDS status. Support for employees affected by HIV and AIDS continued, with 1 767 employees receiving free anti-retroviral treatment, up from the 1 152 in 2006. In the Mozambique, Swaziland and Zimbabwe operations, malaria remains a significant health risk. In order to mitigate the effects of the disease, integrated malaria control programmes are in place in these operations.

Tongaat Hulett continues to focus on initiatives that minimise the depletion of natural resources, reduce waste generation and the overall impact of its operations on the environment. Operational targets have been set in respect of primary water use, energy use, greenhouse gas emissions, air quality (sulphur dioxide emissions), land use and biodiversity. As global awareness of the impact of fossil fuels on global warming increases, a number of initiatives and projects, which will have a positive impact on the company's carbon footprint and greenhouse gas emissions, have been implemented. Ongoing progress is being made in harnessing the potential of sugar cane as a source of renewable energy generation, with new projects for electricity cogeneration and biofuel production under investigation. The use of gas as opposed to coal as a source of cleaner energy has also advanced within operations.

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 AND INDIGENISATION

Transformation, equal opportunity, the creation of a diverse employee profile and indigenisation remain a key performance area in each geographical region in which Tongaat Hulett operates.

Tongaat Hulett's proud history of numerous meaningful and sustainable broad based BEE initiatives for the benefit of all stakeholders, continued in 2007 with the introduction of 25 percent BEE equity participation in Tongaat Hulett. This equity participation included strategic partners, the disadvantaged communities surrounding its property developments and the small-scale cane grower communities surrounding the South African sugar mills. In recognition of the key roles played by its employees in the sustainability of Tongaat Hulett, the equity participation also includes BEE management and employee share ownership schemes. During 2008, Tongaat Hulett and its strategic partners have focused on how best to utilise the service agreements established as part of the transaction to enhance the company's competitive position in the areas of cane procurement, land restitution, development approvals and local government funding support.

The first broad based BEE rating was conducted in 2007 by the National Empowerment Rating Agency with Tongaat Hulett being categorised as a Level Three Contributor with an overall score of 75,16 percent. The second audit was conducted in 2008 and resulted in Tongaat Hulett being awarded an overall score of 70,38 percent resulting in a Level Four Contributor status allowing entities purchasing from Tongaat Hulett to recognise 100 percent of the value of their Tongaat Hulett purchases on the procurement element of their scorecards. Reductions occurred in the ownership score because of the impact of the current global financial markets on equity prices whilst the preferential procurement score declined following legislation changes that resulted in a new sampling process in respect of black suppliers. An increase in compensation costs because of a large increase in the value of share incentive schemes exercised pursuant to the unbundling gave rise to a decrease in the skills development score. These reductions offset the improvements made in the elements of enterprise development, employment equity and management control.

Tongaat Hulett recognises the value that a diverse human resource base brings to its businesses and is continuing with the strong employment equity culture that has been fostered over many years. Particular focus areas remain the employment of Africans and black females, the acceleration of the racial and gender mix at all levels within the organisation and the accommodation of people with disabilities. Currently, black employees fill 54 percent of management and 78 percent of skilled and supervisory positions. Within the South African operations, 66 percent of the 531 graduates are black employees, with women constituting 38 percent. In its Zimbabwe and Mozambique operations the employee base consists almost exclusively of local citizens. The Mozambique operations continue to experience a skills shortage resulting in higher numbers of foreign nationals being employed in that country than might be expected. Plans are being developed to employ and train local citizens to gradually replace these foreign nationals.

A key element in the long-term sustainable growth of the Southern Africa region and Tongaat Hulett is the transformation and indigenisation of the agricultural sector. Building on the strong platform established by the sale of some 11 871 hectares of Tongaat Hulett sugar cane land in South Africa to 98 black farmers as part of its Medium Scale Farm programme, the organisation continues to focus on increasing the pace at which subsistence farming amongst rural communities migrates to sustainable commercial farming practices and ownership. Tongaat Hulett's emphasis and approach to its role and support for the transition differs in each of the countries in which it operates.

In Zimbabwe, the focus remains on working with more than 500 outgrowers in order to rehabilitate cane supply utilising the Euro 45 million in EU Adaption Aid Funding. Utilising the Mozambican expansion project as a catalyst, the operations in Mozambique are implementing an indigenous outgrower programme that will see an initial 7 farmers at Mafambisse and 1 163 farmers at Xinavane being assisted in farming sugar cane on 2 091 hectares of land. The focus in South Africa has been on the post settlement aspect of the land reform process for sugar cane land supplying its mills. This entails working with the claimant communities in order to assist them with business management and the development of successful farming practices, both during the transitional period prior to the settling of the claim and once the claimant community has taken ownership of the land.

In the area of maize farming, Tongaat Hulett, in partnership with the Buhle Farm Academy, has developed a five year programme to train black commercial maize farmers. Highlights in 2008 included the continuation of this programme with the second intake of emerging black farmers beginning their practical training at Tongaat Hulett's Kliprivier maize farm. The initial graduates from the successful 2007 programme have been established on a fully equipped 3 000 hectare maize farm in the Balfour area to conduct maize farming on a commercial scale. During 2008, 1 500 hectares of land were prepared and maize was planted. The farming operations are expected to yield in excess of 5 000 tons of maize.

CONCLUSION

Outlook

Tongaat Hulett has the advantage, in the prevailing global economic turbulence, of operating in a number of less affected market sectors, having specific opportunities in its operations and being favoured by a weaker Rand.

Land and property development sales in the short-term are expected to come from the growth corridor north of Durban that commences inland of Umhlanga/Umdloti,

extends around the new international airport at La Mercy and includes the greater Tongaat region. Tongaat Hulett owns 6 086 gross hectares in this corridor. Given the housing backlog and Government's commitment to infrastructure spend, there is both opportunity and socio-economic urgency to establish communities with affordable housing in this area and to accelerate land conversion for airport services and support logistics, niche industrial, health care, education and social facilities. In the present economic conditions, few hectares are likely to be converted to development in the high value, prime locations on the coastline (Tongaat Hulett's 6 006 hectares) and to the west of eThekwini (2 050 hectares) and the focus is on securing infrastructure and development rights, for conversion at the appropriate time.

Current developments in Zimbabwe are encouraging. In normalised conditions the Zimbabwean sugar operations would have twice the capacity of the expanded Mozambique operations, with similar market access and lower costs. The South African sugar milling, agriculture and refining operations will be influenced by the size of the current crop and the cane supply dynamics in northern KwaZulu-Natal. In Mozambique, sugar production in 2009 is targeted to be more than double the production in 2008, as the expansions come on stream, moving towards the 300 000 ton per annum level by 2010 and benefiting from preferential access to the EU market at premium prices. Following the anticipated cash absorption in the Mozambique expansion continuing into 2009, cash inflow is expected to commence in the latter part of 2009 and early 2010.

The starch operations have the prospect of a full year with maize prices close to the world price. Approximately 70 percent of the operation's maize requirements for 2009 have already been procured on this basis and there are good weather and planting indications for the current maize season.

Acknowledgments

The 2009 year will see the retirement of two of the longest serving members of the Tongaat Hulett board, both having reached the mandatory retirement age.

After 31 years of loyal and dedicated service to Tongaat Hulett, Cedric Savage, a board member since 1981 and the company's chairman since the year 2000 will retire at the company's AGM on the 29 April 2009. During his time as Chief Executive from 1991 to 2002, Cedric presided over a major streamlining of the business that has culminated in Tongaat Hulett, as we know it today. Tongaat Hulett and the board have truly benefited from Cedric's support and guidance and he leaves the company in good health and poised for a new phase in its development. Tongaat Hulett is grateful to him for his contribution over many years and we wish Cedric well in his retirement.

Elisabeth Bradley will also retire at the company's AGM on the 29 April 2009 after being appointed to the Tongaat Hulett board in 1987. She has for a number of years, chaired the Audit and Compliance Committee and the company has benefited greatly from Elisabeth's extensive corporate and board level experience.

I wish to pay tribute to the employees of Tongaat Hulett 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 guidance that we have received from the board is highly valued. Tongaat Hulett has benefited from their wise counsel and experience over a number of years.

Peter Staude

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

19 February 2009

Tongaat Hulett is committed to sound principles of sustainable development being integrated into all aspects of its business activities, allowing it to create value for all stakeholders, with social, economic and environmental perspectives.

Tongaat Hulett's key focus areas of sustainability include safety, health, environment, broad based black economic empowerment, human resources and skills development, talent management, employment equity, indigenisation and, where applicable, corporate social investment and stakeholder engagement.

With over 35 000 employees and notwithstanding Tongaat Hulett's commitment to safety, tragically there were seven work-related fatalities in 2008. The company has introduced a step change safety plan which focuses on high risk areas, including the identification of high risk activities and additional interventions in order to minimise a recurrence of these types of incidents.

2008 sustainable development highlights include:

- Decrease in LTIFR (Lost Time Injury Frequency Rate) to 0,11 from 0,14 in 2007, constituting a significant improvement when compared to 1,27 in 2003
- A record level of 80% of South African based employees know their HIV and AIDS status
- Meaningful involvement of employees through the BEE Employee Share Ownership Plan (ESOP) and Management Share Ownership Plan (MSOP)
- The Ithuba Farming Project, an Enterprise Development initiative in maize farming which is fast becoming a national benchmark
- Increase in black employee representation at top management from 36% in 2007 to 39% in 2008
- Tongaat Hulett's inclusion in the 2008 JSE's Socially Responsible Investment (SRI) index for the fifth year in a row and being ranked among the 21 best performing companies on the JSE SRI Index
- Tongaat Hulett was the Mid Cap category winner at the Chartered Secretaries of Southern Africa's Annual Report Awards in respect of "The benchmark for governance reporting in Africa"
- Being ranked first in the Food & Beverages sector of the Financial Mail's Top Empowerment Companies 2008
- The Investment Analysts Society of Southern Africa voted Tongaat Hulett as the winner of the Best Reporting and Communication Award in the Consumer Products category

The company is committed to transparency, good governance and the promotion of sustainable development. This report comprises the sustainability outcomes of Tongaat Hulett's South African, Swaziland, Mozambique and Zimbabwe operations for the year ended 31 December 2008.

SAFETY

Tongaat Hulett is striving to create a workplace free of fatalities and injuries. Substantial improvements continue to be achieved in safety performance at all operations, with a decrease in LTIFR from 0,14 in 2007 to 0,11 in 2008, constituting a significant improvement when compared to 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 starch where the LTIFR reduced to 0,28 in 2008 from 0,66 in 2007. The R25 million spent in 2007 on new safety personnel carriers at sugar operations made a significant contribution to the improvement of safety performance.

Regrettably the company recorded seven fatalities. Two occurred in South Africa at the Felixton and Darnall sugar mills. Two occured at Triangle in Zimbabwe and three occurred in Mozambique, two at Mafambisse and one at Xinavane.

	Actual 2006		Actual 2007		**Actual 2008**		Targets 2009	
	No. of LTI's	LTIFR	No. of LTI's	LTIFR	No. of LTI's	LTIFR	No. of LTI's	LTIFR
Sugar	66	0,18	62	0,13	53	0,10	40	0,09
Starch	6	0,44	9	0,66	4	0,28	3	0,21
Developments	0	0,00	0	0,00	0	0,00	0	0,00
Consolidated	72	0,19	71	0,14	57	0,11	43	0,09

These fatalities were rigorously investigated and in accordance with standard practice, the findings have been widely disseminated throughout the company to increase awareness. Following interactive workshops lead by the Chief Executive Officer (CEO), a step change safety plan focusing on high risk areas has been introduced, which includes the identification of high risk activities and further interventions to eliminate or minimise the possibility of a fatality in the event of an incident occurring. This intervention is aimed at re-energising Tongaat Hulett's approach to safety and to create a turnaround culture throughout the organisation.

A mind-mapping software tool is being used to provide a helicopter view of each operation's safety programme and to facilitate the tracking of progress on a regular basis. The Tongaat Hulett Safety Improvement Plan includes the following key elements at each operation: step change safety plan focusing on high risk areas, management actions including involvement and ownership, accreditation, selection and management of contractors, accident/incident investigations, workforce training and involvement, supervisor interactions, safety, health and environment (SHE) practitioners, community interaction and safety statistics.

It is planned to progressively improve the safety target every year with the aim of achieving an LTIFR below 0,08 by 2010. Safety statistics since 2006 and targets for 2009 are contained in the table opposite.

Executive SHE committees have been established in South Africa, Mozambique, Swaziland and Zimbabwe. These committees are chaired by the CEO and meet quarterly to review progress of the Tongaat Hulett safety management programme. All operations continue to identify and re-evaluate their risks. Active monitoring, control and action are ongoing.

Underpinning the Safety Improvement Plan, all operations have programmes in place related to behaviour based safety, visible felt leadership, hazard identification and risk assessments, internal audits, management reviews and third party audits. Golden rules, standard procedures and safety training are key components of the safety improvement drive. Senior employees in operational areas are expected to ensure compliance with safety laws and remain responsible for taking steps considered to be practicable to mitigate any potential hazards.

Proactive safety culture transformation processes commonly referred to as behaviour based initiatives are in place in all operations, which are aimed at transforming at-risk behaviour to a work culture with a high level of safety responsibility and accountability. Tongaat Hulett is well advanced in the implementation of behaviour based safety programmes. 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 where involvement and commitment at all levels of the business is required.

Management is committed to demonstrating 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 fully in thorough investigations and actions to prevent a recurrence. Management's visible involvement in assessing compliance with SHE rules, standards and procedures on the shop floor has been increased. Actions include internal and external SHE audits, safe behaviour reinforcement, corrective and development coaching, planned job observations, job safety analysis and critical task identification.

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

Benchmarking is used to measure standards against leading best practice. Relevant information and experience is shared across all operations and Tongaat Hulett 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

All South African operations comply with the requirements of the Occupational Health and Safety Act, or the country equivalent in the other countries. The company is committed to exceeding the minimum requirements of the legislation. SHE audits are conducted regularly. 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 assessment 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

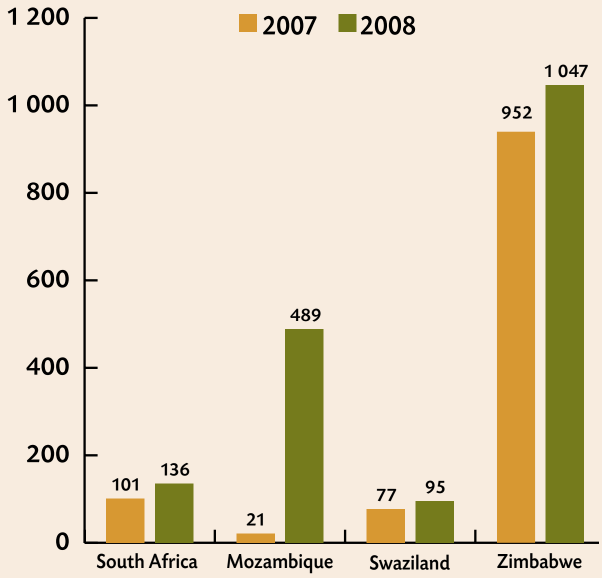
In recognition of our responsibility towards managing HIV and AIDS, there is a Board approved HIV and AIDS policy, which encourages training and education, voluntary counselling and testing, and ensures the fair, compassionate and non-discriminatory treatment of those who may be affected by the disease.

Holistic and comprehensive HIV and AIDS management programmes are in place with the key elements being awareness, prevention, encouraging employees to know their status through Voluntary Counselling and Testing (VCT) treatment that includes Anti-retroviral Treatment (ART), care and support. Due to the requirements of confidentiality and privacy, as well as medical and clinical expertise when treating HIV and AIDS patients, the company makes use of external service providers in certain operations to co-manage the workplace programmes. Where appropriate, successful wellness programmes and medical surveillance are offered in various operations. The key components of these wellness programmes include healthy lifestyle education and personal health assessment, including VCT.

Good progress is being made with the number of employees knowing their HIV status. 80% of the employees in South Africa, 70% in Swaziland, 65% in Mozambique and 69% in Zimbabwe know their status. In Mozambique, progress continues to be made in respect of HIV and AIDS programmes including VCT in conjunction with the Government of Mozambique. Strategies to ensure a further increase in the number of employees participating in VCT are in place, such as linking VCT to occupational medical surveillance programmes, general wellness programmes and HIV and AIDS commemorative events such as World AIDS Day. By 2009 more than 81% of the employees in South Africa and 75% of the employees in the other countries should know their status.

The company's ART programme is progressing favourably with 1 767 employees (136 in South Africa, 489 in Mozambique, 95 in Swaziland and 1 047 in Zimbabwe) currently receiving ART.

Number of employees on Anti-retroviral Treatment



Occupational Diseases

Ongoing occupational health programmes are in place at all operating centres to eliminate priority health risks such as noise induced hearing loss and occupational diseases such as asthma and dermatitis. Risk assessments, hygiene surveys, risk control measures, medical surveillance and audits are conducted periodically to address exposures to health hazards at the workplace. Further occupational health audits are planned for 2009, building on the solid platform that has been established.

Malaria

Malaria is still a significant health risk in the Mozambique, Swaziland and Zimbabwe operations. Integrated malaria control programmes to mitigate the impact of the disease are in place at the respective operating centres. The key elements of the programmes are vector control with insecticides, prevention of mosquito bites with personal protective measures and the treatment of established

cases of malaria. The number of malaria cases amongst employees in 2008 was 1 621, with 1 011 cases reported in Mozambique, 1 in Swaziland and 609 in Zimbabwe. In 2007 there was a total of 1 003 cases, with 751 cases reported in Mozambique, 1 in Swaziland and 251 in Zimbabwe.

ENVIRONMENT

Tongaat Hulett seeks to responsibly manage the impact on 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, Mozambique 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.

Key environmental risks have been identified and appropriate action is being taken to either eliminate or minimise the risks concerned. Environmental incidents and complaints are well monitored, reported and acted upon. Significant progress has been made during 2008 with the recording of environmental data on emissions, energy consumption, waste quantification and resource conservation. Specific targets have been set at each operation and are being aligned to the ISO 14001, OHSAS 18001 and NOSA requirements. Objectives and targets will facilitate meaningful progress with regard to best practice in sustainable development. The achievement of objectives and targets is monitored by external auditors and all operations are within the permitted legal specifications. Operational targets have been set in respect of primary water use, energy use, greenhouse gas emissions, air quality (sulphur dioxide emissions), land use and bio-diversity.

Tongaat Hulett's approach to property development is conceptualised and implemented around a sustainable development philosophy which, at its core, is aimed at achieving an appropriate synthesis between economic development, environmental enhancement and social upliftment. Actions continue to be taken to find ways of addressing social development objectives such as affordable and quality housing, appropriate densification and public transport, as well as environmental sustainability measures such as reducing energy and water usage and developing ecological corridors and indigenous carbon sinks.

The undertaking of Environmental Impact Assessments (EIA's) and implementation of the respective Environmental Management Plans (EMP's) are entrenched and all operations strive to conduct themselves in an environmentally responsible manner.

Climate Change

Tongaat Hulett's sugar mills are fuelled, during the 8-month sugar milling season, on bagasse (sugar cane residue) and renewable fuel, resulting in the company's operations having a small carbon footprint. Notwithstanding this, the company continues to implement a number of initiatives and projects to positively manage the impact of the carbon footprint and greenhouse gas emissions from the operations. These include the continued drive to convert from the use of coal to natural gas where appropriate, and improving plant and boiler efficiencies to reduce coal consumption. With the growing global drive to address the issue of carbon emissions and global warming on a more urgent basis, Tongaat Hulett is continuing to investigate a number of avenues which will positively reduce the impact of the carbon footprint, including further use of natural gas for steam generation, cogeneration of electricity from natural gas in the starch operations and the expanded production of electricity from sugar cane bagasse. The company is also investigating the production of bio-fuels from a number of feedstocks and at different geographic locations.

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 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. A capital project has been implemented over the last two years to refurbish the boilers, thus improving their efficiencies and reducing emissions. In addition, a new flue gas scrubbing plant was commissioned during 2008.

Energy

The process of energy production as part of sugar manufacture has a net positive 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. Energy consumed, and therefore carbon dioxide 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's 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, renewable electricity traders and end users to facilitate a market for large-scale cogeneration of renewable electricity by the sugar industry.

Following the conversion in 2007 of the gluten feed dryer and a boiler to operate on gas at the Germiston starch mill, there continues to be significant reduced emissions from the mill. With the escalating price of coal, further investigations are underway to explore greater use of gas. Energy usage is continuously measured and monitored and process efficiencies are linked to continuous improvement targets. A co-ordinated program is in progress to maximise energy efficiency at Tongaat Hulett's South African sugar mills and refinery, and site-based task teams have been set up to execute projects to this end.

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. Most of the sugar cane processed in South Africa is dryland cane, which is dependent on natural rainfall, although a proportion is irrigated. In Mozambique, Swaziland and Zimbabwe, 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 Tongaat Hulett Starch, water usage is monitored on a daily basis and optimised to run at world standards for wet milling. Water quality is monitored on an ongoing basis at all operations.

Effluent

Subsequent to the "zero effluent" philosophy that has been adopted by several operations to minimise the quantity of liquid effluent leaving each mill or plant, the 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 the irrigation of sugar cane on adjacent estates. Effluent produced at the central sugar refinery is disposed of into the municipal sewer for treatment, and both the quantity and quality thereof is monitored carefully to ensure compliance with the relevant specification.

The starch operations' effluent is treated at local authority treatment plants, with effluent quality being constantly monitored.

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 2008 included the quantification of waste streams and the establishment of waste recycling programmes.

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, the Hazard Analysis Critical Control Point system (HACCP) and ISO 22000, 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. The established community liaison forums between Tongaat Hulett and interested parties continue to address environmental related complaints. In 2008, 50 complaints were received, down from the 113 received in 2007.

THIRD PARTY CERTIFICATIONS

All operating companies have embarked on programmes to conduct third party audits and/or certifications. In this regard, targets have been set for third party audits and certifications associated with NOSA, OHSAS 18001, ISO 14001, ISO 9001 and HACCP/GMP. All South African operations are certified under the ISO 14001 Environmental Management Systems. All sugar operations were audited by NOSA on the integrated star rating system. All starch operations are ISO 9001 certified and also ISO 14001 certified. Germiston is OHSAS 18001 certified. During 2008, Kliprivier and Meyerton mills had their OHSAS 18001 certifications suspended due to non-compliance in respect of zoning in dusty environments for electrical motors. The mills are aiming for re-certification during the second quarter of 2009. Mozambique and Zimbabwe operations have completed stage 1 of the ISO 14001. The Swaziland operation is certified to ISO 14001, ISO 9001 and NOSA. Certain of the starch and sugar operations have embarked on HACCP/ ISO 22000 food security assessments, with the objective of being certified in 2009.

TALENT MANAGEMENT AND PEOPLE DEVELOPMENT

To achieve superior performance which is key to success in a challenging business environment, skilled staff of the highest calibre are required. A shortage of skilled people, particularly in technical and engineering disciplines, has resulted in Tongaat Hulett experiencing major challenges in order to recruit, develop and retain key skills, in a fiercely competitive environment for scarce talent. There is a need to ensure an appropriate pipeline of skilled people to meet future skills requirements and for succession planning purposes. Programmes are in place at all operations to attract, develop and retain valuable skills. Targeted recruitment and market-related remuneration practices, coupled with effective performance and talent management, play an integral part in this regard. Innovative strategies are being used to retain people with key skills at the Zimbabwe operations, where challenging circumstances prevail.

Training related information in respect of the South African operations is as follows:

- Total training spend R18,8m
- 1% skills levy R7,4m
- Training spend % leviable amount 2,5%
- Number of people days trained 10 716
- Number of people days available 1 238 090
- % trained people days 0,9%

Recruitment strategies are being improved, including the use of psychometric assessments and web-based recruitment linked to Career Junction. Partnerships and relationships with education institutions have been strengthened with institutions such as the University of Witwatersrand (Wits) (Electrical Engineering / Process Control), the University of KwaZulu-Natal, Mangosuthu Technikon and the Durban University of Technology.

Existing Skills

	Number	Average Age	Number Terminated	Number Appointed
Graduates/Diplomates	531	36	54	47
Artisans	236	43	31	37

In the sugar operations, managers attend leadership and management development programmes offered by Treetops. The starch operations have formed a partnership with the Wits Business School and Maccauvlei to address their unique requirements of management development and supervisory training respectively. In addition to formal training and development programmes, there has been further improvement in performance management, talent management, coaching and mentoring processes. Coaching skills training is done through Wits Business School and UCT Business School. Where appropriate, reasonable accommodation of work/life balance, for example in the form of flexible work arrangements, is being used as one of the ways to accommodate the needs of particular employees, which would contribute to the retention of talent.

Bursaries, scholarships, trainee programmes and learnerships continue to be sponsored by the company to assist with sourcing and developing bright young minds in anticipation of future skills requirements. To support these programmes, strong partnerships have been formed with select educational institutions and Sector Education and

Training Authorities (SETAs). Workplace skills, plans and implementation reports are submitted to the relevant SETA on an annual basis. The number of learnerships has increased to 137, which include in-service trainees, apprentices, engineers-in-training and technical learners. More than 1 704 employees participated in training programmes during 2008 and 101 employees participated in the company's study aid scheme, which is aimed at assisting employees with part time tertiary education. Twelve bursaries for tertiary education (degree or diploma) are currently being sponsored by the company, and 86 apprentices are being trained.

Appropriate organisational transformation that contributes to Tongaat Hulett being managed as one company is encouraged, less hierarchical in its approach, with functionality being based on expertise instead of hierarchy. In addition, multi-skilling and multiple relationships are also encouraged. Task based processes, dynamism, decentralisation, growth, results-orientation, indigenisation, innovation and sustainability are being reinforced. In addition, an organisational climate is being nurtured to unlock the emotional energy and commitment of employees, to assist in building Tongaat Hulett as an employer of choice.

Intellectual Property

Tongaat Hulett's intellectual property is protected through employment contracts and confidentiality agreements and/or license agreements with external parties. These agreements establish ownership of and rights to trademarks, copyright, trade secrets, innovations and inventions resulting from any dealings with the company. In the sugar operation, a portfolio of patents is managed by a knowledge management specialist in consultation with patent attorneys. Protection of patentable ideas is achieved by immediately taking out provisional patents, with targeted national and international patenting.

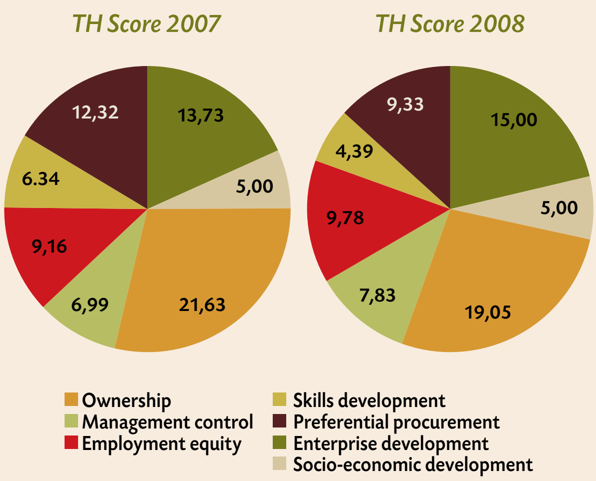
BROAD BASED BLACK ECONOMIC EMPOWERMENT

Tongaat Hulett continues to make good progress by building on its proud history of numerous meaningful and sustainable broad based Black Economic Empowerment (BBBEE) initiatives for the benefit of all stakeholders. Steps continue to be taken to ensure that processes and measurements within the company are aligned with the relevant regulatory requirements and the South African Department of Trade and Industry's (DTI) Codes of Good Practice. Where applicable, operations have been involved in the formulation of relevant industry/sector scorecards.

Transformation, equal opportunity, the creation of a diverse employee profile and indigenisation remain key performance areas in every geographical region where Tongaat Hulett operates.

Tongaat Hulett established the ESOP and MSOP employee ownership schemes for the benefit of all South African black employees and senior black management respectively, effectively placing a collective interest of 7% in the hands of such employees. The overall objective of the schemes is to retain and attract high calibre black employees at every level of the business and to create a sense of ownership amongst employees, as well as to engender an ownership culture within the greater Tongaat Hulett workforce. The introduction of BBBEE equity participation in 2007, included an 18% participation by two BBBEE groupings, Ayavuna Women's Investments, as an anchor partner, combining with the Mphakathi Trust, which benefits the communities surrounding the Tongaat Hulett property developments and Sangena Investments, as an anchor partner, combining with the Masithuthukisane Trust, which benefits the small scale cane grower communities surrounding Tongaat Hulett's four South African sugar mills.

The second BBBEE rating audit by the National Empowerment Rating Agency (NERA) was conducted in 2008 with Tongaat Hulett being categorised as a Level Four Contributor, with an overall score of 70,38% compared to the previous year's score of 75,16%. The detailed comparative scorecards are shown below:



This means that entities purchasing from Tongaat Hulett may recognise 100% of the value of their Tongaat Hulett purchases in the procurement element of their scorecards. Going forward, reporting systems and targets will continue to be reviewed to ensure maximum alignment with the elements of the DTI Codes of Good Practice. The highlight of the accreditation is the improvement in enterprise development, management control and employment equity. The reduction in the ownership score is as a result of the movement in the Tongaat Hulett share price. This effect will reverse as the share price improves. The preferential procurement score reduced mainly as a result of a change in respect of the sampling process, following legislative amendments related to spend with black owned suppliers, particularly black cane growers. The reduction in the score for the skills development element was a consequence of the company's leviable amount being higher than the previous year.

Management will continue to work towards the improvement of scorecard points where possible. Tongaat Hulett believes that BBBEE is essential to the sustainability of its South African operations, as well as the prosperity of South Africa and its people.

Employment Equity and Indigenisation

Tongaat Hulett values the dimensions that a diverse human resource base brings to its businesses. Employees in the Swaziland and Zimbabwe operations consist almost exclusively of local citizens. Mozambique continues to experience a skills shortage, as a result of which more foreign nationals are employed in that country than might be expected. Plans are being developed to employ and train local citizens to gradually replace foreign nationals in Mozambique.

In South Africa, where there is a particular need to address the imbalances of the past, a strong employment equity culture has been fostered over many years. Actions are continuing to improve the representation of designated groups, with particular emphasis on Africans, black women and persons with disabilities, with the intention to align the workforce profile with the underlying demographics of the country. Currently, 53% of management and 78% of skilled and supervisory positions are filled by black employees. Within the South African operations, 66,1% of the 531 graduates and diplomate employees are black, with women constituting 38,4%.

It is planned to review the employment equity goals that have been set for December 2010 and revised employment equity plans and strategies will be implemented to ensure that the restated goals are met. These plans will continue to include targeted recruitment and placement, coupled with talent and performance management, training and development, coaching and mentoring and managing cultural diversity. Increasing the representation of Africans and black females remains a challenge and concerted efforts will continue to improve performance in this area. Recommendations have been received from the Department of Labour (DoL), following their review of the Tongaat Hulett employment equity practices. Steps are being taken to implement the recommendations. The table below reflects the employee profile of the company's South African operations, which was part of the Tongaat Hulett report submitted to the DoL in May 2008.

As at 31 December 2008, the proportion of black females in top management was 17,4% compared to 16,0% in 2007 whilst black females in management increased from 14,7% to 15,6%. There were 48 employees with disabilities, which constituted 0,9% of the employee complement.

	2006	2007	2008
Top management	25%	36%	39%
Senior management	40%	42%	45%
Middle management	53%	55%	60%
Skilled and supervisory	76%	77%	78%

The overall proportion of blacks in management as at 31 December 2008 was 52,8% of permanent staff at this level, compared to 50,2 % in the previous year. It is envisaged that by 2011, black representation at management level (D band and above) will exceed 59%. The above table reflects a year on year comparison of black employee representation in proportion to permanent staff at various levels as at 31 December 2008.

Labour Relations

The company has always maintained a constructive relationship with unions and a general climate of industrial peace has prevailed over the past few years. There are recognition agreements with 12 different unions and

Employment Profile as at 31 May 2008 submitted to the Department of Labour

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	4	0	2	2	1	1	0	10	13	1	0	24
Senior management	20	4	20	2	1	5	3	52	65	2	0	122
Professionally qualified and experienced specialists and mid-management	55	8	43	26	3	18	29	153	79	4	4	269
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	332	62	235	132	19	55	70	835	154	5	3	1 067
Semi-skilled and discretionary decision making	974	19	200	153	6	26	13	1 378	4	1	0	1 396
Unskilled and defined decision making	1 303	2	15	498	0	2	0	1 820	2	1	0	1 823
TOTAL PERMANENT	**2 688**	**95**	**515**	**813**	**30**	**107**	**115**	**4 248**	**317**	**14**	**7**	**4 701**
Non–permanent employees	89	1	0	50	0	1	1	141	1	0	0	143
GRAND TOTAL	**2 777**	**96**	**515**	**863**	**30**	**108**	**116**	**4 389**	**318**	**14**	**7**	**4 844**

Note: A = African C = Coloured I = Indian W = White *The column headed "Total A,C,I" has been added for clarity approximately 67% of permanent employees are members of unions. Senior management are involved in union negotiations, with senior human resources staff playing a key role in this regard.

Disciplinary codes and procedures have been implemented after negotiations with unions concerned. One minor work stoppage of short duration, involving a small number of employees with minimal cost impact occurred during the year.

Preferential Procurement

The objective of Preferential Procurement under the DTI's current Codes of Good Practice includes the promotion of BEE compliance by all entities and targets for procurement from Exempted Micro Enterprises (EME's), Qualified Small Enterprises (QSE's), black-owned and black women owned enterprises. Furthermore, with enhanced recognition given for Preferential Procurement from value adding suppliers and enterprise development beneficiaries, the procurement of locally produced goods and services is actively supported to assist in developing sustainable income streams for such new entities thereby.

In respect of the Procurement Scorecard for Tongaat Hulett and based on 2007 expenditure, out of a total available spend (defined as total procurement spend less spend on parastatals and the importation of goods not locally produced) of R3,973 billion, BEE procurement spend from all suppliers based on BEE procurement recognition levels as a percentage of total measured spend was R1,42 billion (35,7%).

Spend with companies which are more than 50% black owned totalled R307 million, whilst spend with QSE's or EME's totalled R306 million. The spend with companies which are more than 30% owned by black women was R4 million.

Enterprise Development and Transformation in Agriculture

Tongaat Hulett believes that enterprise development and transformation in agriculture are some of the most powerful vehicles avaliable to the company to contribute to nation building, transformation and BBBEE. Enterprise development has occurred, for example, through the sale of businesses to new black shareholders. Major BEE transactions concluded by the company include the listing and unbundling of Hulamin with a BBBEE equity

participation element, the sale of Corobrik Klerksdorp Brick Factory and Supervision Food Services.

Tongaat Hulett has identified transformation of the agricultural sector in the countries within which it operates as a key imperative for long-term sustainable growth. Building on the strong platform which was established through the sale of some 11 871 hectares of Tongaat Hulett sugar cane land to 98 BEE medium scale farmers in South Africa since the commencement of the sugar operation's programme in 1995 to transfer sugar cane farming skills and farms to previously disadvantaged emergent farmers, the company has implemented a number of models, which vary from country to country.

This land redistribution programme forms a major component of the company's Enterprise Development Programme and is supported by the South African 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. The focus in South Africa has been on the post settlement aspect of the land reform process for sugar cane land supplying its mills. This entails working with the claimant communities in order to assist them with business management and the development of successful farming practices, both during the transitional period prior to the settlement of the claim and once the claimant community have taken ownership of the land. 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.

The Zimbabwe operations have been working with more than 500 outgrowers in order to rehabilitate cane supply to its mills. With Euro 45 million of EU funding being made available for the process, management will be focusing on the re-establishment of cane and the improvement of yields, from the current average of 30 tons cane per hectare to an excess of 100 tons cane per hectare. During the course of the Mozambique expansion project, the company identified an opportunity to develop subsistence farmers into commercial sugar cane farmers and, accordingly the indigenous outgrower programme was developed and implemented. As part of the programme, seven farmers at Mafambisse and 990 farmers at Xinavane are being assisted in farming sugar cane on 2 275 hectares of land.

The starch operation continues to be involved in the development of commercial black farmers in partnership with the Buhle Farmers Academy through the Ithuba Farming Project. In addition to the fully equipped maize farm which was established on the site of the Kliprivier plant during 2007, the Ithuba Farming Project has now leased and equipped a 3 500 hectare maize farm in the Balfour area of Mpumalanga from the Department of Land Affairs.

During 2008, the first group of ten black student farmers successfully harvested 400 tons of maize at Kliprivier and subsequently moved to the larger Balfour farm. Profit from the sale of the maize was deposited into a trust account on behalf of the farmers. These funds will be incremented by the income from each subsequent harvest during the mentorship period and will provide capital to be used in the eventual establishment of their own farming businesses.

A new intake of ten farmers arrived at the Kliprivier farm from the Buhle Farmers Academy. An experienced, retired farmer has been employed as a full time mentor for both groups of farmers, each of which has been established as a co-operative. During October 2008, starch staff and various other stakeholders from Government, education and industry attended a three day Participatory Organisation Diagnosis workshop hosted by MDF, from the Netherlands. The objective was to assist the management of the Buhle Farmers Academy with the development of a strategic plan aimed at increasing future effectiveness. The Academy wishes to extend its impact on the South African agricultural arena, which is closely aligned to the strategic objective of the enterprise development initiative.

The mentorship of three BEE maize transporter businesses has continued with each business reporting increases during 2008 in fleet size, number of employees, clients, turnover and profitability. The business owners have started to enhance the livelihoods of their employees by training assistants to become drivers.

The developments operation has partnered with the Wildlands Conservation Trust and Gagasi 99.5FM and planted 100 trees at KwaMashu's JL Dube High School. In addition a further 1 000 trees were donated to the

KwaMashu community, for planting by local residents. Since its inception some three years ago, the initiative has seen over 3 000 trees planted in KwaMashu and Waterloo. The programme includes the training of participants to identify and remove alien species, planting and nurturing of indigenous trees and finally the sale of trees to customers including Tongaat Hulett, for use in new developments and landscaping projects.

CORPORATE SOCIAL INVESTMENT

Tongaat Hulett continues to promote sustainable development through constructive Corporate Social Investment (CSI) initiatives, which are aimed at building and enhancing the quality of life of people, with emphasis on previously disadvantaged communities within which Tongaat Hulett operates. A well-entrenched CSI policy exists within the company, with guiding principles on key focus areas for social responsibility activities. CSI spend is mainly directed at education, health, community skills upliftment, charitable organisations, environmental needs and crime prevention.

The primary focus of CSI spend in 2008 was education, with a total spend of R4,6 million in this category. Key education projects included R1,8 million spent on labour training at Bridge City which will lead to economic development, community revitalisation and job creation. An amount of R1,8 million was used to donate lap desks to schools mainly in the rural areas and R393 000 was spent on bursaries. Other notable contributions in 2008 included a contribution of R444 000 to various health, welfare and community training programmes and R214 000 to the National Business Initiative. Community development programmes received R321 000 in sponsorship, while R106 000 was spent on environment, art and culture initiatives. All operations have Occupational Health Clinics that provide occupational and primary health care services at company expense.

In addition to the donation of funds to worthy projects, expertise is made available by company management to guide community projects. Where appropriate, CSI initiatives are linked with business objectives through a corporate social partnership approach, to ensure that the company's involvement is in line with community priorities. The partnership activities at the property developments operation are an example of this approach. Mafambisse in Mozambique spent R615 000 towards community re-settlement with the objective of improving health,

hygiene, provision of potable water and sanitation. In the South African operations, R1,8 million was spent on the provision of medical facilities and wellness programmes. The total CSI spend for 2008 including the cost of company sponsored occupational and primary health care services was R12 million. This was above the company's commitment to allocate one percent of annual headline earnings to CSI on a company wide basis annually.

VALUE ADDED ANALYSIS

for the year ended 31 December 2008

Rmillion	2008	2007
REVENUE	**7 106**	6 395
Bought-in materials and services	**(4 968)**	(4 670)
VALUE ADDED BY OPERATIONS	**2 138**	1 725
Dividends and other income	**287**	337
Capital profits	**71**	48
TOTAL VALUE ADDED	**2 496**	2 110
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	**1 002**	929
TO PAY PROVIDERS OF CAPITAL	**680**	1 194
Interest on borrowings	**325**	193
Distributions to shareholders	**355**	1 001
TAX	**212**	288
RE-INVESTED/(UTILISED) IN BUSINESS	**602**	(301)
Depreciation	**244**	222
Retained earnings after distribution to shareholders	**358**	(523)
	2 496	2 110

The BEE IFRS 2 charge and transaction costs have been excluded from this schedule.

STAKEHOLDER ENGAGEMENT

Tongaat Hulett operates in an increasingly complex environment with multiple influences that can affect its ability to sustain commercial success. The company identified key stakeholders who play a crucial role in protecting and enhancing its reputation and value. Below is a comprehensive review of its key stakeholders, the reason for engaging them and how it is achieved.

Employees are engaged in order to attract and retain talent, improve competence and skills and enhance value and commitment. Staff are kept abreast of local and corporate business development via internal newsletters, company intranet, briefings and internal memos. The bi-annual results presentations are made available to staff by invitation and also through the company intranet.

Customers, suppliers and service providers are engaged in order to determine their needs, evaluate perceptions, enhance Tongaat Hulett's brands, grow revenue and deliver new products. Each operating area has a marketing and procurement unit, which meets with customers, suppliers and service providers on an ongoing basis.

Tongaat Hulett engages with shareholders, investors, analysts and the media in order to create more accurate expectations, informed perceptions and market the business. Communication takes place through meetings with management, telephonic conversations, internet and email. A well entrenched investor relations team exists with a focus on communicating with all stakeholders and ensuring adherence to corporate disclosure requirements. In addition, annual and interim results presentations are held in Johannesburg, Cape Town and Durban in order to explain the company's performance and prospects. Engagement with the media takes place on a formal as well as informal basis with media briefings, press releases, SENS announcements and publishing of relevant information on the Tongaat Hulett website. Shareholders are also encouraged to attend the company's Annual General Meeting.

Government authorities and regulators are engaged in order to further optimise opportunities and assess issues relating to regulatory compliance. During 2008, the developments operation engaged extensively with the eThekwini and KwaDukuza municipalities, as well as the KwaZulu-Natal provincial authorities on key matters including affordable housing and appropriate urban development approaches. The starch and sugar operations engaged with the Department of Agriculture on agri-processing and land issues. The corporate office engaged with the Department of Labour regarding employment equity matters and transformation issues.

Managers in all our operations interact with trade unions on relevant employment issues with collective bargaining taking place where appropriate. The sugar and starch operations are the most labour intensive businesses and structures are in place to engage with various unions.

Local communities are engaged in order to develop a broader understanding of their concerns, align priorities and allocate corporate social investment in areas where there will be maximum impact. Community related programmes include enterprise development, socio-economic development, training, employment, environment protection, cultural heritage and support for recreation through community trusts.

FEEDBACK

All stakeholders are encouraged to share their views on this sustainability report with us, either by posted mail or email.

For further information, please contact:

Corporate Affairs
Tongaat Hulett
PO Box 3
Tongaat
4400
South Africa

Telephone: +27 32 439 4114
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Tongaat Hulett is committed to sound corporate governance in all its business practices. It continues to uphold and endorse the application of the principles recommended in the Code of Corporate Practices and Conduct embodied in the King II Report. The company recognises the need to add value to all stakeholders, conduct business with openness, integrity and accountability, and provide timeous, relevant and meaningful reporting. The board of directors believes that it has complied, in all material respects, with the provisions of the King II Code and the related Listings Requirements of the JSE Limited (JSE), during the year under review.

The terms of reference of the board and committees, roles and responsibilities of the directors, as well as the company'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, broad based black economic empowerment and employment equity, provide a sound framework for sustainable corporate governance within Tongaat Hulett.

BOARD OF DIRECTORS

The board has adopted a Charter, which forms part of the Corporate Governance Manual and 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 company operates. The Board Charter regulates and deals, inter alia, with the fiduciary duties and responsibilities of individual directors toward the company, the approval of strategy and policies, risk management and control, orientation of new directors and conflict of interest.

Tongaat Hulett has a unitary board structure comprising of thirteen non-executive and three executive directors, drawn from a broad spectrum of the business community. The directors represent a wide range of skills, knowledge and experience, and bring independent judgement to the board deliberations and decisions. The majority of the non-executive directors are independent, with no one individual having unfettered powers of decision-making.

The roles of the independent Non-Executive Chairman, Mr C M L Savage, and the Chief Executive Officer, Mr P H Staude, are separate with a clear division of responsibilities. In accordance with the company's articles of association, directors are subject to retirement either by rotation at intervals of three years or at the close of business of the next annual general meeting after a director attains the age of seventy years. Directors retiring by rotation 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. On appointment, new directors have the benefit of induction activities aimed at broadening their understanding of the company and markets in which the company operates. There are no term contracts of service between any of the directors and the company or any of its operations.

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. A formal self-evaluation of the board, committees and the Chairman, aimed at improving the board's effectiveness, is carried out annually and areas of improvement or concern are identified and addressed.

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 board has delegated to the Chief Executive Officer and other senior management authority to run the day-to-day affairs of the company. In addition to written board resolutions, levels of authority and materiality 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 operations within Tongaat Hulett.

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

Attendance of directors at board and committee meetings during the year ended 31 December 2008

Director	Board		Audit and Compliance Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
P M Baum	6	5			4	4	4	4
E le R Bradley	6	4	3	3	4	4	4	4
B G Dunlop	6	6						
F Jakoet[1]	2	1						
J John	6	5	3	3				
J B Magwaza	6	5						
T V Maphai[1]	2	1						
M Mia	6	6	3	3	4	4	4	4
N Mjoli-Mncube[1]	2	1						
M H Munro	6	6						
T H Nyasulu	6	5						
C M L Savage	6	6			4	4	4	4
C B Sibisi	6	6						
P H Staude	6	6						
R H J Stevens	6	5						
J G Williams	6	6						

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

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

1: Appointed to the board with effect from 1 October 2008.

BOARD COMMITTEE STRUCTURES AND RESPONSIBILITY

In accordance with the Board 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 financial 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.

Audit and Compliance Committee

The Audit and Compliance Committee is appointed by the board each financial year and comprises three non-executive directors of the company, all 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), J John and M Mia. The Chief Executive Officer, P H Staude; the Chief Financial Officer, M H Munro; the Internal Audit Manager, M M Jean-Louis and representatives of the internal and external auditors attend by invitation. The Company Secretary, D McIlrath, 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. The Audit and Compliance Committee's terms of reference and internal audit charter were updated to reflect the changes in terms of the Corporate Laws Amendment Act, No 24 of 2006.

In addition, the committee is responsible for ensuring that there is an effective risk management process and regularly reviews the effectiveness of risk management activities and receives confirmation of the various ongoing risk management activities relevant to each operation. Each major operational area has its own audit and compliance committee, which subscribes to the same company audit philosophies and reports to the Tongaat Hulett 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 for appointment and review of internal and independent external 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 committee further considers the independence and objectivity of external auditors.

Management is focused on continuous improvements to systems of internal control. An external quality assurance review of the internal audit function was performed during 2007, which concluded that the Tongaat Hulett internal audit function "generally conforms" to the standards recommended by the Institute of Internal Auditors, which is the highest rating in terms of the standards of the Institute of Internal Auditors. The status of "generally conforms" continues to be applicable for a period of five years from the date of validation in terms of the standards of the Institute of Internal Auditors.

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 company wide access to all functions, records, property and personnel. The committee reviews the scope and coverage of the internal audit function and has approved its coverage and work plan for 2009. While the internal audit function has been outsourced to a professional firm of registered accountants and auditors, co-ordinated by the Internal Audit Manager, the company's independent external auditors do not assist in the performance of any internal audit assignments.

The nature and extent of all non-audit services provided by the independent external auditors are approved and reviewed by the committee, to ensure compliance with the company's policy.

In accordance with the Corporate Laws Amendment Act, the committee confirms that during 2008 it carried out its functions responsibly and in accordance with its terms of reference. The committee is also satisfied that the designated auditors of the company are independent of the company. The committee has also considered the expertise and experience of the Tongaat Hulett financial director in terms of the JSE Listings Requirements and concluded that the financial director's expertise and experience meet the appropriate requirements.

The committee's attention to regulatory compliance is ongoing in line with the amendments to the regulatory environment. The framework of high priority laws and regulations applicable to Tongaat Hulett's operations has continued to be refined during the year with the aim of strengthening the culture of legal awareness and compliance. Management continuously assesses and reviews statutory and regulatory requirements and risks, and identifies appropriate processes and interventions to enhance compliance with applicable legislation. Nothing material has come to management's attention during 2008 that indicates non-compliance with applicable legislation and codes of good practice.

Remuneration Committee

The Remuneration Committee, which meets at least three times a year, is chaired by an independent non-executive director and comprises only non-executive directors. The current members are M Mia (Chairman), P M Baum, E le R Bradley 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 manage and run the company 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. Rewards are linked to both individual performance and the performance of the company. Independent external studies and comparisons are used to ensure that compensation is market related.

Nomination Committee

The Nomination Committee, which comprises only non-executive directors, the majority of whom are independent, is chaired by an independent non-executive director and meets as required. Its members are M Mia (Chairman), P M Baum, E le R Bradley 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 on the size, composition and demographics of the board, particularly in relation to the balance between executive, non-executive and independent directors, ensuring that there is a diversity of experience and backgrounds to create a cohesive and effective board. The committee also gives consideration to succession planning, and ensures that processes and plans are in place for orderly succession and for appointments to the board and to senior management.

EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee consists of senior Tongaat Hulett executives and deliberates on matters of strategy, business planning and the effective operation of the business, to provide leadership on key issues. The committee's focus is on the alignment of activities and initiatives throughout the company's operations.

The current members are P H Staude (Chairman), J D Bhana, R D S Cumbi, M Deighton, N P Dingaan, B G Dunlop, B R Gumede, C Gwala, M M Jean-Louis, G P N Kruger, V C Macu, M N Mohale, S D Mtsambiwa, M H Munro, S J Saunders and M Serfontein. The Company Secretary is the secretary of this committee.

Risk Committee

Risk management continues to be dynamic, evolving and integrated into the core of running the company. This has become increasingly important in light of the many changing elements, particularly in the context of the volatile global economy and specific localised dynamics. While the board is ultimately accountable for risk management, company management has implemented various processes throughout its operations to ensure that risk management has become part of the day-to-day activities of the business. This seeks to address risk and opportunity areas and incorporates the nature of Tongaat Hulett as it moves forward.

The risk management review process seeks to achieve the correct balance between the issues that are specific to, and appropriately managed in, an operational area and those issues that are significant enough or cross cutting enough to be considered, and managed in an appropriate way, on a Tongaat Hulett basis. The approach to risk management includes being able to identify and describe or analyse risks at all levels throughout the organisation, with mitigating actions being implemented at the appropriate point of activity. The very significant, high impact risk areas and the related mitigating action plans are monitored at a Tongaat Hulett Risk Committee level. Risks and mitigating actions are given relevant visibility at various appropriate forums throughout the organisation.

The Risk Committee composition is as follows: M H Munro (Chairman), M Deighton, B G Dunlop, M M Jean-Louis, G P N Kruger, M N Mohale, S J Saunders, P H Staude and the Company Secretary.

Appropriate plans and resources have been identified in order to ensure the implementation of recovery procedures, where potential risks have been identified as having the possibility of constituting a disaster.

Company wide systems of internal control exist 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 and regular reports are presented to the board.

The company'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 company. 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 company on risk and internal control.

Safety, Health and Environment Committee

The overall objective of this committee is to assist in the implementation of the company's Safety, Health and Environment (SHE) policy and principles and to provide overall guidance on SHE matters. The SHE Committee normally meets at least twice a year. Its members are P H Staude (Chairman), R D S Cumbi, M E Deighton, B G Dunlop, G P N Kruger, V C Macu, M N Mohale, S Mtsambiwa, M Serfontein, W G Streek and R Wilkinson.

The Tongaat Hulett SHE Committee reviews the major risks identified by the various committees at Tongaat Hulett's operations 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 company. 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 at least twice a year. Its current members are P H Staude (Chairman), J D Bhana, M E Deighton, N P Dingaan, R Govender, B R Gumede, M M Jean-Louis, G P N Kruger, C Macu, M Mia, M N Mohale and M Serfontein.

The broad composition of this committee ensures that it benefits from company 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.

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 company 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 company and all employees are required to maintain the highest ethical standards in ensuring that the company's business practices are conducted in an appropriate manner, which is above reproach.

The company'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. The operating boards approve individual operational budgets, while the company budget is reviewed and approved by the Tongaat Hulett 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 company operates within 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 company. The Code is based on a fundamental belief that business should be conducted honestly, fairly and legally. Any violation of the law or unethical business dealing by any employee, including bribery and money laundering is not condoned. The Code also addresses conflict of interest situations and encourages employees to report on any conflict or perceived conflict of interest situation. This may arise due to employees being offered and receiving gifts in return for favours, employees not being independent from business organisations having a contractual relationship or providing goods or services to Tongaat Hulett, and employees' personal investments taking priority over transactions for the company and its clients.

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 to the Company Secretary or senior officials at management level. Tongaat Hulett has engaged the services of an independent whistleblowing service provider to provide mechanisms to report on unethical behaviour or non-compliance with the Code of Ethics. Appropriate action is taken in respect of all reported instances of non-compliance with the Code by employees.

EXECUTIVE REMUNERATION

The remuneration of senior management is determined by taking into consideration market comparisons and an assessment of performance related to the achievement of documented measurable performance targets. Strategic and business objectives, which are reviewed periodically, as well as a general assessment of performance are taken into account.

Basic Salary

The cash package of senior management 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 performance objectives related to key business strategies and requirements. 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 (LTIP) and Deferred Bonus Plan 2005 (DBP) schemes, senior management 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 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 from 2005 to 2008, 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.

As a result of the unbundling of Hulamin and as detailed in the circular to shareholders in 2007, SARS and LTIP grants of 2005 and 2006 partially vested, based on the attainment of the performance conditions and with reference to the proportion of the performance period that had been served. The DBP awards of 2005 and 2006 vested upon the unbundling. Tongaat Hulett is obliged to settle all benefits under these share schemes and the original share options for its own employees using Tongaat Hulett shares. It will settle the outstanding share scheme benefits that arise after the award modifications for its own employees, by purchasing Tongaat Hulett shares in the market, or issuing Tongaat Hulett shares. The benefits related to the Hulamin component will be determined with reference to the Hulamin share price, and the Tongaat Hulett component with reference to the Tongaat Hulett share price. The benefits arising from the Hulamin component will be settled using Tongaat Hulett shares. Participants in the original, pre-2005 share option schemes, who had not exercised their options at the unbundling date converted their existing Tongaat-Hulett Group Limited options into two components, a Tongaat Hulett Limited component and a Hulamin Limited component. Tongaat Hulett will settle the benefits of both components for its employees with Tongaat Hulett shares.

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 company board and board committees. 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 company's business was managed during the year by any third party in which any director had an interest.

RELATED PARTY TRANSACTIONS

The company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in Tongaat Hulett Limited'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 company 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

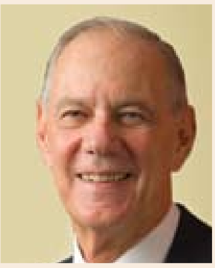
The directors confirm that they are satisfied that the company has adequate resources to continue in business for the foreseeable future. Financial gearing, cash flows and access to equity and loan capital are considered to be sufficient to fund any chosen opportunities to expand or restructure the business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

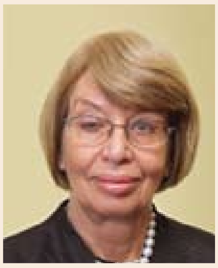


C M L Savage

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

Cedric (70) joined Tongaat Hulett in 1977 as Managing Director of Tongaat Foods becoming Executive Chairman of Toncoro Limited in 1985. He was appointed to the Tongaat Hulett Board in 1981, serving as Chief Executive from 1991 to 2002. 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 Harmony Gold, Datatec and Denel.

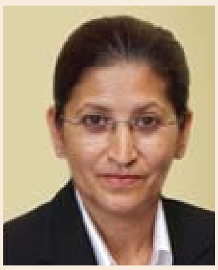
INDEPENDENT NON-EXECUTIVE DIRECTORS



E le R Bradley

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

Elisabeth (70) 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 Board in 1987.



F Jakoet

Independent Risk Consultant
BSc, CTA, CA (SA)

Fatima (48) has in-depth experience in various facets of large corporate business, from both a strategic and operational perspective, including industrial relations, transformation and employment equity issues. She has worked in the Eskom Group for ten years in positions ranging from regional and corporate finance to General Manager, telecommunications. She is a Non-Executive Director of the SA Reserve Bank and its key subsidiaries; Metropolitan Holdings Ltd and its key subsidiaries; Impala Platinum Ltd; New Clicks Holdings Ltd and MTN West and Central Africa Region. She was appointed to the Tongaat Hulett Board in 2008.

J John

Head, Group Internal Audit, Discovery Holdings Limited
Hons BCompt, CTA, CA (SA), Senior Executive Program, Diploma in Company Direction

Jenitha (37) was the Head of Internal Audit at Telkom SA (Ltd) and has held various financial and audit related roles at, inter alia, Eskom, Toyota SA and RMBT Property Services (Marriott Group) prior to joining Discovery Holdings. She is currently the Chairman of the City of Johannesburg Group Audit Committee and Chairman of SA Maritime Safety Authority Audit Committee. Jenitha also served as a Non-Executive Director on the Board of Regional Electricity Distribution One (RED1) (Pty) Ltd and as a member on the Department of Defence Audit Committee. She was appointed to the Tongaat Hulett Board in 2007.

J B Magwaza

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

JB (66) joined Tongaat Hulett 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 Board in 1994. He retired in 2003 but remains on the Board in a non-executive capacity.

T V Maphai

Director of Companies
BA, MA, PhD

Vincent (56) has been appointed the director for Corporate Affairs and Transformation at the South African Breweries Ltd with effect from 1 March 2009. He was Chairman of

BHP Billiton, Southern Africa until 31 December 2008. He has held various teaching and research fellowships at institutions abroad, including Oxford, Harvard, Princeton and Stanford and locally, at the Universities of the Transkei, Witwatersrand, Western Cape and Pretoria. He has also been involved in various public policy projects and roles including Chairman of the Presidential Review Commission, the South African Broadcasting Corporation and the Council of the University of KwaZulu-Natal. He was appointed to the Tongaat Hulett Board in 2008.

M Mia

Director of Companies

Mac (61) was 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 the University of KwaZulu-Natal Council, Chairman of Zenith Investments, a BEE private equity fund, and Chairman of Ezemvelo KZN Wildlife Audit Committee. He was appointed to the Tongaat Hulett Board in 1996.

N Mjoli-Mncube

Director of Companies
BA, MSc

Nonhlanhla (50) was until recently the Economic Advisor to the former Deputy President of South Africa, focusing on the Accelerated and Shared Growth Initiative of South Africa (ASGISA) and Joint Initiative for Priority Skills Acquisition (JIPSA). She has worked as a town and regional planner in South Africa, a survey research supervisor at Washington State University, an Executive Director at a subsidiary of Murray & Roberts, Chairman of the National Urban Reconstruction and Housing Agency (NURCHA), Chairman of the Rural Housing Loan Fund, Women for Housing and the Open Society Institute in South Africa. She was appointed to the Tongaat Hulett Board in 2008.

R H J Stevens

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

Russell (68) is the founder and Executive Chairman of the Three Cities Group, Chairman 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 division of the Tongaat-Hulett Group. He was appointed to the Tongaat Hulett Board in 1977.

NON-EXECUTIVE DIRECTORS

P M Baum

Chief Executive Officer of Anglo American's Ferrous Metals and Industries division
Member of Anglo American plc's Executive Committee
BCom LLB, Higher Diploma Tax Law

Philip (54) has worked in a wide variety of positions in the Anglo American Group, including starting Anglo Zimele, Chief Executive of Anglo American Zimbabwe and Acting Chief Executive of Anglo American South Africa. His directorships include Kumba Iron Ore, Exxaro, Anglo Ferrous Brazil, Tongaat Hulett, Hulamin and Samancor Manganese. He was appointed to the Tongaat Hulett Board in 2003.

T H Nyasulu

Chairman Nyasulu Trading & Investments
BA (Hons) Psychology; International Program for Board Members

Hixonia (54) is Chairman of Nyasulu Trading & Investments and founder of Ayavuna Women's Investments. Before founding these companies, she worked for Unilever for 6 years. Her areas of expertise include strategy development and marketing. Her directorships include Sasol Ltd (Chairman); Unilever Plc/NV, Barloworld Ltd and Glenrand MIB. She was appointed to the Tongaat Hulett Board in 2000.

NON-EXECUTIVE DIRECTORS continued

C B Sibisi

Chief Executive
Sangena Investments (Pty) Limited
MA (Econ Dev)

Bahle (45) is a former deputy Director General of the Department of Trade and Industry. He is currently the Chairman of SABS and Roadcrete Africa (Pty) Ltd. He was appointed to the Tongaat Hulett Board in 2007.

J G Williams

General Manager: Corporate Finance, Anglo American
MA, MEng, MBA, CDipAF, CEng, MIMechE

John (44) joined Anglo American in 2001 as Vice President in the Johannesburg offices of Anglo American's Corporate Finance Department, and has been a General Manager in the same department since 2002. He is a director of Hulamin and a number of Anglo American group holding companies, and was previously a director of Anglo Platinum. Prior to joining Anglo American, John was a senior consultant with McKinsey and Co and worked in both London and Johannesburg. He was appointed to the Tongaat Hulett Board in 2007.

EXECUTIVE DIRECTORS

P H Staude

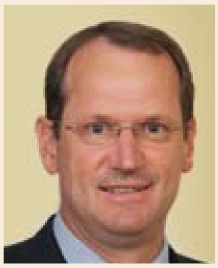
Chief Executive Officer
BSc (Ind Eng) (Hons) (Cum Laude), MBA (Pretoria)

Peter (55) lectured at the University of Pretoria before joining Tongaat Hulett in 1978. In 1990 he became Managing Director of Hulett Aluminium Rolled Products and in 1996 Managing Director of Hulett Aluminium. He was appointed to the Tongaat Hulett Board in 1997 and became Chief Executive Officer in May 2002. He was the Chairman of Hulett Aluminium from 2002 to July 2007. He is a Non-Executive Director of Hulamin and Chairman of Trade & Investment KZN.

B G Dunlop

Executive Director
BCom (Hons), PMD (Harvard)

Bruce (55) joined Tongaat Hulett 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. In February 2008, he was appointed the Tongaat Hulett Executive responsible for Sugar operations outside South Africa, International Sugar Marketing, the Sugar Technology Engineering Group, Renewable Energy and Animal Feeds. He was appointed to the Tongaat Hulett Board in 1997.



M H Munro

Chief Financial Officer
BCom, CA (SA)

Murray (42) joined Tongaat Hulett in 1992. He has held a number of senior financial, commercial, market and general management positions in various operations. He assumed responsibility as the Financial Director and was appointed to the Tongaat Hulett Board in October 2003.

SEGMENTAL ANALYSIS

BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2008							
Starch operations	2 150	240 #	1 841	585	1 257	85	92
Land and property developments	412	263 #	1 260	579	625	3	2
Sugar operations	4 544	606	6 432	676	5 721	1 487	150
Zimbabwe dividends		35					
Swaziland operations		44 #					
Mozambique operations		250 #					
SA agriculture, milling and refining		73 #					
Downstream value added activities		204 #					
Centrally accounted and consolidation items		23 #	24	2 896	(30)	1	
	7 106	1 132	9 557	4 736	7 573	1 576	244
Capital profit on land		22					
Capital profit on insurance claim		49					
BEE equity and corporate structuring transactions		(33)		792			
Exchange rate translation gain		9					
Fair value adjustment on long-term receivable		(7)					
Consolidated total	7 106	1 172	9 557	5 528	7 573	1 576	244
2007							
Starch operations	1 679	105 #	1 658	317	1 340	76	91
Land and property developments	892	428 #	1 671	699	948	8	1
Sugar operations	3 824	360	4 260	193	3 807	671	130
Zimbabwe dividends		53					
Swaziland operations		35 #					
Mozambique operations		88 #					
SA agriculture, milling and refining		46 #					
Downstream value added activities		138 #					
Centrally accounted and consolidation items		(55)#	38	1 932	(4)		
	6 395	838	7 627	3 141	6 091	755	222
Capital profit on land		48					
BEE equity and corporate structuring transactions		(383)		815			
Exchange rate translation loss		(1)					
Fair value adjustment of investment in Hulamin		3 348					
Consolidated total	6 395	3 850	7 627	3 956	6 091	755	222

Total segmental income for the year amounted to R1 097 million (2007 - R785 million).

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	**2008**	2007
South Africa	**6 129**	5 736
Rest of Africa	**350**	213
Asia and other	**343**	263
Europe	**226**	140
Australasia	**38**	24
North America	**20**	19
	7 106	6 395

The aggregate effect of intra-group transactions is immaterial.
Geographical location of segment assets: South Africa R6 064 million; Other countries R3 493 million (2007 - South Africa R5 651 million; Other countries R1 976 million).
Expenditure on property, plant and equipment by geographical location of assets:
South Africa R462 million; Other countries R1 114 million (2007 - South Africa R341 million; Other countries R414 million).

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2008

CONTENTS

FINANCIAL HIGHLIGHTS

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

CURRENCY CONVERSION GUIDE

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

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

REPORT OF THE INDEPENDENT AUDITORS

to the members of Tongaat Hulett Limited

Report on the Financial Statements

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

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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

Deloitte & Touche

Deloitte & Touche
Audit KZN
Registered Auditors
Per JAR Welch
Partner

19 February 2009

2 Pencarrow Crescent
La Lucia Ridge Office Estate
Durban

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2008

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

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

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

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

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

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

C M L Savage
Chairman

P H Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

19 February 2009

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Registrar of Companies all returns that are required of a public company in terms of the Companies Act in respect of the year ended 31 December 2008 and that all such returns are true, correct and up to date.

D McIlrath
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

19 February 2009

DIRECTORS' STATUTORY REPORT

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

NATURE OF BUSINESS

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

FINANCIAL RESULTS

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

DIVIDENDS

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

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

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

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

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Friday 13 March 2009.

SHARE CAPITAL

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

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

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

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

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

- being effected through the order book operated by the JSE trading system;
- being authorised thereto by the company's articles of association;
- being authorised by the shareholders of the company in terms of a special resolution of the company in general meeting which will be valid only until the next annual general meeting of the company; provided that such authority will not extend beyond 15 months from the date of the resolution; and
- not being made at a price greater than ten percent above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five business day period.

Further, in terms of the Listings Requirements of the JSE, the directors are of the opinion that after considering the effect of the maximum acquisition by the company of shares issued by it as referred to above:

- the company and its subsidiaries (together "the group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 19 February 2009;
- the assets of the company and of the group will be in excess of the liabilities of the company and the group for a period of 12 months from 19 February 2009. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited group annual financial statements;
- the share capital and reserves of the company and the group will be sufficient for the company's and the group's present requirements for 12 months from 19 February 2009; and
- the working capital of the company and the group for a period of 12 months from 19 February 2009 will be adequate for the company's and the group's requirements.

SUBSIDIARY COMPANIES AND JOINT VENTURES

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

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

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

DIRECTORATE

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

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

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

DIRECTORS' SHAREHOLDINGS

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

AUDIT AND COMPLIANCE COMMITTEE

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

POST BALANCE SHEET EVENTS

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

BALANCE SHEETS

as at 31 December 2008 — *Tongaat Hulett Limited*

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

INCOME STATEMENTS

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

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

CASH FLOW STATEMENTS

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

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

STATEMENTS OF CHANGES IN EQUITY

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

ACCOUNTING POLICIES AND FRAMEWORK

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

BASIS OF CONSOLIDATION

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

INTANGIBLE ASSETS

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

GROWING CROPS

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

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

GOODWILL

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

ASSOCIATE COMPANIES

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

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

INVENTORIES

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

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

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

DEFERRED TAX

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

IMPAIRMENT

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

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

RESEARCH AND DEVELOPMENT

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

REVENUE

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

FOREIGN CURRENCIES

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

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

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

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

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

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

FINANCIAL INSTRUMENTS

Recognition

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

Measurement

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

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

Gains or losses on subsequent measurement

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

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

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

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

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

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

Set-off

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

Financial guarantee contracts

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

GOVERNMENT GRANTS

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

EMPLOYEE BENEFITS

Retirement Funds

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

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

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

Post-retirement Medical Aid Benefits and Retirement Gratuities

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

SHARE-BASED PAYMENTS

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

CORPORATE TRANSACTIONS CONCLUDED IN 2007

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

Unbundling of Hulamin

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

Share Repurchase

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

25% BEE Equity Participation Transactions

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

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

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

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

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

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

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

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

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

JUDGMENTS MADE BY MANAGEMENT

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

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

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

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

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

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

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

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

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

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

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

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

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

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

Company	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Carrying value at beginning of year	2 125	303	1 468	118	1	235
Additions	460	157	187	18		98
Disposals	(22)	(11)	(9)	(2)		
Depreciation	(191)	(6)	(169)	(16)		
Transfers		9	111	18		(138)
Carrying value at end of year	2 372	452	1 588	136	1	195
Comprising:						
2008						
At cost	3 899	531	2 847	325	1	195
Accumulated depreciation	1 527	79	1 259	189		
	2 372	452	1 588	136	1	195
2007						
At cost	3 528	377	2 617	298	1	235
Accumulated depreciation	1 403	74	1 149	180		
	2 125	303	1 468	118	1	235

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

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

2. GROWING CROPS (Rmillion)

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

3. LONG-TERM RECEIVABLE AND PREPAYMENT (Rmillion)

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

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

4. GOODWILL (Rmillion)

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

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

5. INTANGIBLE ASSETS (Rmillion)

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

6. INVESTMENTS (Rmillion)

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

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

7. SUBSIDIARIES AND JOINT VENTURES (Rmillion)

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

	Consolidated	
	2008	2007
Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of joint ventures which comprise in the main, Effingham Development and Tongaat Hulett/IFA Resort Developments and which are included in the consolidated financial statements are set out below.		
Property, plant, equipment and investments	**8**	7
Current assets	**328**	435
Less: Current liabilities	**(93)**	(170)
Interest in joint ventures	**243**	272
Tongaat Hulett's proportionate share of the trading results of the joint ventures is as follows:		
Revenue - continuing operations	**10**	224
Profit before tax	**16**	125
Tax	**(4)**	(15)
Net profit after tax	**12**	110
Discontinued operation - Hulamin unbundling		42
	12	152

7. **SUBSIDIARIES AND JOINT VENTURES** (Rmillion) continued

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

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

8. **INVENTORIES** (Rmillion)

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

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

9. **DERIVATIVE INSTRUMENTS** (Rmillion)

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

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

10. **CASH AND CASH EQUIVALENTS**

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

11. **SHARE CAPITAL** (Rmillion)

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

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

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

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

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

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

13. **DEFERRED TAX** (Rmillion)

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

14. **BORROWINGS** (Rmillion)

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

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

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

Summary of future loan repayments by financial year:

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

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

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

The non-recourse equity-settled BEE borrowings comprise:

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

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

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

16. PROVISIONS (Rmillion)

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

17. TRADE AND OTHER PAYABLES (Rmillion)

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

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

18. **OPERATING PROFIT** (Rmillion)

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

19. CAPITAL PROFITS (Rmillion)

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

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

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

21. TAX (Rmillion)

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

21. **TAX** (Rmillion) continued

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

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

22. **HEADLINE EARNINGS** (Rmillion)

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

23. **EARNINGS PER SHARE**

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

24. **DIVIDENDS** (Rmillion)

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

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

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

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

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

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

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

Capital risk management

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

Credit risk

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

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

Past due trade receivables

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

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

Foreign currency risk

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

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

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

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

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

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

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

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

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

Tongaat Hulett has the following uncovered foreign receivables:

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

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

Commodity price risk

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

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

At the year end the commodity futures contracts were:

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

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

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

Interest rate risk

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

Liquidity risk

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

Borrowings inclusive of interest projected at current interest rates:

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

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

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

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

+ Not consolidated

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

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

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

28. **LEASES** (Rmillion)

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

29. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

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

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

30. RELATED PARTY TRANSACTIONS (Rmillion)

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

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

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

31. RETIREMENT BENEFITS

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

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

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

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

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

31. **RETIREMENT BENEFITS** continued

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

Basis used to determine the rate of return on assets

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

Post-Retirement Medical Aid Benefits

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

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

31. **RETIREMENT BENEFITS** continued

Post-Retirement Medical Aid Benefits continued

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

Retirement Gratuities

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

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

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

Directors' remuneration

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

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

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

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

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

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

Share incentive gains

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

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

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

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

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

n/a = not applicable

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

Directors' remuneration continued

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

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

Declaration of full disclosure

Other than that disclosed above, no consideration was paid to, or by any third party, or by the company itself, in respect of services of the company's directors, as directors of the company, during the year ended 31 December 2008.

Interest of directors of the company in share capital

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

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

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

33. EMPLOYEE SHARE INCENTIVE SCHEMES

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

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

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

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

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

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

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

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

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

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

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

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

Share Appreciation Right Scheme 2005

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

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

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

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

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

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

Long Term Incentive Plan 2005

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

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

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

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

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

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

Deferred Bonus Plan 2005

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

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

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

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

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

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

Interest of directors of the company in share-based instruments

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

The Original Share Option Schemes

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

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

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

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

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

Share Appreciation Right Scheme 2005

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

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

Long Term Incentive Plan 2005

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

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

33. **EMPLOYEE SHARE INCENTIVE SCHEMES** continued

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

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

Deferred Bonus Plan 2005

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

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

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

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

34. BEE EMPLOYEE SHARE OWNERSHIP PLANS

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

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

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

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

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

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

Employee Share Ownership Plan - Share Appreciation Right Scheme

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

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

Management Share Ownership Plan - Share Appreciation Right Scheme

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

Management Share Ownership Plan - Share Grant Scheme

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

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

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

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

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

Management Share Ownership Plan - Share appreciation right scheme	
Exercise price	R74,32.
Expected dividends	Nil.

Management Share Ownership Plan - Share grant scheme	
Exercise price	Nil.
Expected dividends	Nil.

FIVE YEAR REVIEW

FINANCIAL STATISTICS	2008	2007	2006 Restated *	2006	2005	2004
TRADING RESULTS (Rmillion)						
Revenue	**7 106**	6 395	5 110	7 848	6 926	6 298
Profit from Tongaat Hulett operations	**1 132**	838	726	726	550	323
Profit from Hulamin operations				211	159	74
Other net income/(expenditure)	**40**	3 012	83	83	21	(39)
Operating profit	**1 172**	3 850	809	1 020	730	358
Net financing (costs)/income	**(280)**	(119)	88	(23)	(60)	(93)
Share of associate company's (loss)/profit			(4)	(4)	(25)	6
Profit before tax	**892**	3 731	893	993	645	271
Tax	**(212)**	(288)	(238)	(269)	(162)	(41)
Minority shareholders	**(31)**	(28)	(1)	(1)	(11)	(10)
Discontinued operation - Hulamin unbundling		42	69			
Net profit attributable to shareholders	**649**	3 457	723	723	472	220
Headline earnings attributable to shareholders	**583**	61	703	703	466	206
SOURCE OF CAPITAL (Rmillion)						
Shareholders' interest	**3 059**	2 735	3 293	4 957	4 613	4 347
Minority interests in subsidiaries	**276**	223	56	76	75	71
Equity	**3 335**	2 958	3 349	5 033	4 688	4 418
Deferred tax	**582**	673	605	1 055	936	854
Borrowings - long and short-term	**2 585**	1 387	500	1 223	840	1 380
Non-recourse equity-settled BEE borrowings	**792**	812				
Provisions	**279**	261	247	297	283	271
Capital employed	**7 573**	6 091	4 701	7 608	6 747	6 923
EMPLOYMENT OF CAPITAL (Rmillion)						
Property, plant, equipment, investments and intangibles	**5 032**	3 525	2 642	4 625	4 183	4 161
Growing crops	**742**	353	212	212	182	185
Long-term receivable	**196**	203	203	203	203	210
Inventories, receivables and derivative instruments	**3 358**	3 150	2 452	3 507	2 834	2 793
Cash and cash equivalents	**229**	396	162	509	526	803
Total assets	**9 557**	7 627	5 671	9 056	7 928	8 152
Current liabilities (excluding short-term borrowings)	**1 984**	1 536	970	1 448	1 181	1 229
	7 573	6 091	4 701	7 608	6 747	6 923
RATIOS AND STATISTICS						
EARNINGS						
Headline earnings per share - (cents)	**565,6**	58,1	666,4	666,4	452,4	202,5
Dividends per ordinary share - (cents)	**310,0**	310,0	550,0	550,0	400,0	170,0
Dividend cover - (times)	**1,8**	0,2	1,2	1,2	1,1	1,2
PROFITABILITY						
Operating margin	**15,9%**	13,1%	14,2%	13,0%	10,5%	5,7%
Return on capital employed	**18,8%**	17,0%	16,3%	14,8%	11,1%	5,5%
Return on equity	**18,5%**	1,9%	21,2%	14,5%	10,2%	4,8%
FINANCE						
Debt to equity	**77,5%**	46,9%	14,9%	24,3%	17,9%	31,2%
Net debt to equity	**70,6%**	33,5%	10,1%	14,2%	6,7%	13,1%
Current ratio	**1,07**	1,41	1,25	1,53	1,78	1,53
SHARES						
Shares in issue - (millions) - issued	**103**	103	107	107	104	102
- weighted	**103**	105	105	105	103	102
Market capitalisation - Rmillion	**6 556**	9 167	11 938	11 938	8 467	5 525
Value of shares traded - Rmillion	**1 609**	4 218	3 512	3 512	1 899	1 325
Net asset value per share - (cents)	**2 963**	2 655	3 089	4 650	4 440	4 251
Share price - (cents) - balance sheet date	**6 350**	8 900	11 200	11 200	8 150	5 404
- high	**10 250**	15 000	11 400	11 400	8 500	5 500
- low	**4 900**	8 500	7 800	7 800	5 010	3 280
Annual volume of shares traded - (millions)	**21**	36	37	37	29	30

* Comparative figures have been restated to reflect Hulamin as a discontinued operation and the relevant ratios have been restated.

DEFINITIONS

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

Headline earnings
Headline earnings are calculated in note 22, in accordance with the South African Institute of Chartered Accountants' Circular 8/2007: Headline Earnings.

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

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

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

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.

Net asset value per share
Shareholders' interest divided by the number of ordinary shares at year end. This ratio is now based on shareholders' interest which excludes minority interests.

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.

SHARE OWNERSHIP ANALYSIS

at 31 December 2008

Number of shareholders	Spread	Shares held	% Held
4 657	1 - 1 000 shares	1 505 572	1,09
1 457	1 001 - 10 000 shares	4 365 298	3,16
270	10 001 - 100 000 shares	9 318 611	6,75
82	100 001 - 1 000 000 shares	22 127 766	16,02
12	more than 1 000 000 shares	100 775 620	72,98
6 478	Total	138 092 867	100,00
	Category		
64	Banks	1 715 182	1,24
2	BEE Infrastructure and yoMoba SPV's	25 104 976	18,18
2	BEE Share Ownership Plans	9 740 908	7,05
77	Close Corporations	94 490	0,07
88	Endowment Funds	731 288	0,53
4 622	Individuals	5 001 356	3,62
41	Insurance Companies	917 795	0,67
22	Investment Companies	8 381 846	6,07
3	Issuer's Retirement Funds	2 240 632	1,62
120	Mutual Funds	16 126 890	11,68
928	Nominees and Trusts	3 209 887	2,33
104	Other Corporations	1 123 082	0,81
3	Own Holdings	16 035	0,01
193	Pension Funds	10 954 606	7,93
189	Private Companies	799 752	0,58
19	Public Companies	691 134	0,50
1	Strategic Investor	51 243 008	37,11
6 478	Total	138 092 867	100,00
	Type of shareholder		
	Non-public		
8	Directors and associates of the company	321 339	0,23
4	BEE entities	34 845 884	25,23
1	Strategic holdings	51 243 008	37,11
3	Own holdings	16 035	0,01
3	Issuer's Retirement Funds	2 240 632	1,62
19	Total non-public	88 666 898	64,20
6 459	Public	49 425 969	35,80
6 478	Total	138 092 867	100,00
	Beneficial shareholdings over three percent		
	Anglo South Africa Capital (Pty) Limited	51 243 008	37,11
	Allan Gray	16 540 587	11,98
	TH Infrastructure SPV (Pty) Limited	13 947 209	10,10
	yoMoba SPV (Pty) Limited	11 157 767	8,08
	Frater Asset Management	7 005 210	5,07
	Tongaat Hulett BEE Employee Share Ownership Plan	5 422 829	3,93
	Liberty Asset Management	4 409 652	3,19
	Tongaat Hulett BEE Management Share Ownership Plan	4 318 079	3,12

CORPORATE *INFORMATION*

Registration Number: 1892/000610/06
Share Code: TON
ISIN: ZAE 000096541

Company Secretary

D McIlrath
Appointed company secretary 2009

Business and Postal Address

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

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

Securities Exchange Listings

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

Transfer Secretaries

South Africa:
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg 2001
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

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the one hundred and seventeenth annual general meeting of shareholders will be held at the Corporate Office, Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal on Wednesday 29 April 2009 at 09h00.

Order of business

1. To receive and consider the annual financial statements of the company for the year ended 31 December 2008.
2. For the re-appointment of Deloitte & Touche as auditors.
3. To elect directors in place of Mrs T H Nyasulu, Messrs B G Dunlop, M Mia and MH Munro, who retire by rotation in terms of article 61 of the articles of association and who, being eligible, offer themselves for re-election. Details of each of these retiring directors are set out in the 2008 Annual Report.
4. To elect Mrs F Jakoet, Dr T V Maphai and Mrs N Mjoli-Mncube as directors who, having been appointed during 2008, are required to retire in accordance with article 59 of the articles of association and being eligible, offer themselves for re-election. Details of each of these retiring directors are set out in the 2008 Annual Report.
5. 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 will be able, in the ordinary course of business, to pay its debts;
    - the assets of the company, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the company;
    - the company'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 2008 Annual Report as follows:

a. directors of the company;
b. major shareholders;
c. directors' interests in the company's securities;
d. share capital.

There have been no material changes since 31 December 2008.

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 in the 2008 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 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 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 29 April 2009 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 2009, as recommended by the Remuneration Committee and the board, subject to approval by the shareholders at the annual general meeting, be and are hereby approved."

Proposed Directors' Fees with effect from 1 January 2009

Type of fee	Existing fees R	Proposed fees from 1 January 2009 R
Tongaat Hulett Board:		
Chairman	550 000 pa	590 000 pa
Non-Executive Directors	163 000 pa	181 800 pa
Audit and Compliance Committee:		
Chairman	163 000 pa	181 800 pa
Non-Executive Directors	81 500 pa	90 900 pa
Remuneration Committee:		
Chairman	130 000 pa	145 000 pa
Non-Executive Directors	65 000 pa	72 500 pa
Employment Equity :		
Non-Executive Directors	65 000 pa	72 500 pa

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

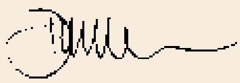
Voting

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 have 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 Thursday, 23 April 2009. The completion of a proxy form will not preclude a member from attending the meeting.

By order of the Board



D McIlrath
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

19 February 2009

Tongaat Hulett

Registration Number: 1892/000610/06 Share Code: TON ISIN: ZAE000096541

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 Tongaat Hulett 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 29 April 2009 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.			
Re-appointment of Deloitte & Touche as auditors.			
Re-election of directors:			
B G Dunlop			
F Jakoet			
T V Maphai			
M Mia			
M H Munro			
N Mjoli-Mncube			
T H Nyasulu			
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 .... 2009 Signature ....

Completed forms of proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Thursday, 23 April 2009.

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

United Kingdom: Capita Registrars, Proxy Department, 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 chairman 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.

Tongaat Hulett

www.tongaat.co.za