Tongaat Hulett

INTEGRATED ANNUAL REPORT 2011

YEAR ENDED 31 MARCH

A YEAR OF CONTRASTS

- Record profit from starch operations of R303 million
- Improved starch manufacturing efficiencies resulted in an estimated benefit of R26 million
- Sugar production in Zimbabwe grew by 29%
- Land under sugar cane in South Africa increased by 5 606 hectares
- Lowest rainfall in KwaZulu-Natal, for the past 15 years
- Lowest sugar crop in South Africa since the 1953/54 season
- Record production of 628 000 tons at the South African sugar refinery (over 100 years of history)
- Sugar production increased by 24% in Mozambique operations
- Rapid depreciation of the Metical resulted in a negative profit impact of some R120 million
- 100 developable hectares of land sold for affordable housing in Cornubia
- Record price of R3 610 per bulk m^2 obtained for land sales in Umhlanga Town Centre
- Hippo Valley Estate - Gold Award for Safety
- Inclusion in the JSE SRI index
- Level 2 Broad-Based Black Economic Empowerment Rating for South African operations

CONTENTS

Tongaat Hulett is an agricultural and agri-processing business which includes integrated components of land management and property development. Through its sugar and starch operations, Tongaat Hulett produces a range of refined carbohydrate products from sugar cane and maize. The business has considerable expertise in downstream agricultural products, biofuel production and electricity generation. 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. The energy-food-water nexus is an evolving dynamic presenting both opportunities and risks. Tongaat Hulett is well placed to capitalise on emerging opportunities for expansion and growth in Africa, with unconstrained access to sugar markets, its independant position, established business platform and size.

The successful management of the socio-economic-political dynamics of agriculture, land, water, agri-processing, food and renewable energy are key to the continued success and value creation of the business. The growth and development of the company's operations, in the selected regions in which it operates, have involved establishing credible partnering relationships with farmers, local communities, governments and employees. Tongaat Hulett's independent status and local ownership is critical to the continuation of these relationships.

Tongaat Hulett employs more than 42 000 employees during its peak milling season, and conducts its business operations in a manner that seeks to create value for all stakeholders, in a sustainable manner that contributes meaningfully to the social and physical environment in which it operates.

A fundamental shift has been taking place in the global sugar industry as increasing quantities of cane are directed at producing ethanol as an effective carbon dioxide (CO_2) mitigation strategy. The fibre in sugar cane is increasingly being used for renewable electricity generation and global demand for sugar continues to grow at an average of 2 percent per annum, which currently equals 3,2 million tons of sugar. Traditionally, the growing demand for sugar worldwide has been met by Brazil, but this position has changed, creating opportunities for other regions. Sub-Saharan Africa, with ample unutilised arable land and using less than 10 percent of its available fresh water, is well positioned to benefit from these developments.

SUGAR OPERATIONS

Tongaat Hulett is in the favourable position of being able to capitalise on the changing sugar fundamentals with low cost sugar operations located in six Southern African Development Community (SADC) countries, the leading Huletts® sugar brand, world class technology and preferential market access.

For a number of years production has amounted to 1 million tons of sugar compared to an installed milling capacity that is in excess of 2 million tons. This resulted largely from the less favourable sugar revenue dynamics that existed until recently, as well as the Mozambique expansion being completed in 2009/10 and the turbulent macro-economic fundamentals in Zimbabwe up to the end of 2009. The existing unutilised capacity has a replacement cost in excess of R10 billion.

Against the background of a more favourable revenue expectation, and the question as to where the world will source more sugar, Tongaat Hulett's strategy over the next 5 years is to facilitate an increase in cane supplies in order to increase sugar production to more than 2 million tons per annum. The increased sugar volumes will also lead to a substantial reduction in unit costs of production. Numerous cane supply initiatives are underway in all the sugar operations.

Tongaat Hulett's South African sugar milling, refining and agricultural operations are located on the north coast of KwaZulu-Natal. The sugar mills at Maidstone, Darnall, Amatikulu and Felixton have an installed capacity to produce approximately 1 million tons of raw sugar and a central refinery in Durban produces in excess of 600 000 tons of refined sugar per annum. The South African sugar product range offers a total sweetener solution including

a range of high intensity sweeteners. The company's Huletts® brand has consistently been acknowledged as the leading sugar brand. An animal feeds operation, Voermol Feeds is located at the Maidstone mill and this operation manufactures and markets a range of energy and supplementary feeds to the livestock farming community through its leading Voermol® brand.

The Mozambique sugar operations consist of the expanded sugar mills and estates surrounding Xinavane and Mafambisse. The expansion of the Xinavane sugar mill was completed in 2009/10. There were 24 664 hectares of Tongaat Hulett owned and leased land, under cane, available for harvest as at 31 March 2011. Private farms supply cane from a further 2 544 hectares. Sugar production capacity has increased to more than 226 000 tons in a 32 week crushing season. Together with the existing 87 000 tons of capacity at the Mafambisse sugar mill, the Mozambique operations have the installed milling capacity to produce in excess of 310 000 tons per annum. The sugar estates are irrigated and are located in areas with ideal growing conditions, resulting in high cane and sucrose yields. These favourable agricultural conditions, combined with the sugar mills' close proximity to the ports, the technology availability and support from South Africa, ensure that the Mozambique operations are well positioned for future growth.

The sugar operations in Zimbabwe consist of Triangle and a 50,3 percent stake in Hippo Valley Estates, representing a combined installed sugar milling capacity of 600 000 tons. The Zimbabwe operations comprise 28 494 hectares of developed cane land with a potential to produce in excess of 3,0 million tons of sugar cane. Private farmers occupy 15 880 hectares of developed cane land with a potential to produce a further 1,4 million tons of cane per year. The Triangle and Hippo Valley Estate sugar mills have a combined annual milling capacity to crush about 4,8 million tons of cane. The total refined sugar installed capacity is 140 000 tons and the Triangle Estates ethanol plant has an installed capacity of 40 million litres over a 48 week production season. The lowveld in Zimbabwe, with excellent topography, climate and established water storage and conveyance infrastructures for irrigation, is recognised as a globally competitive sugar producer.

Tongaat Hulett's sugar cane estate in Swaziland is situated in the north-east of the country and comprises 3 838 hectares of fully irrigated estates. The Botswana and Namibia packing and distribution operations have capacities of 60 000 and 80 000 tons per annum respectively.

RENEWABLE ENERGY

Evidence of climate change because of increased levels of greenhouse gases such as CO_2 is becoming more compelling. The recent Cancun Accord accepted that cuts in global emissions are required in order to ensure that the rise in global temperature is kept to below two degrees Celsius. South Africa is under pressure to reduce its CO_2 footprint as a result of its reliance on fossil fuels for energy.

The rapidly escalating price of crude oil is a further economic driver towards the use of alternate liquid fuels. The large scale adoption of bio-fuels, in particular ethanol to replace petrol, has the potential to make a very

significant contribution to South Africa and SADC reducing carbon emissions. Equally critical, the development of a large scale ethanol bio-fuel industry within SADC has the potential to make a major contribution to employment, rural development and food security within the region.

South Africa currently consumes 70 percent of the fuel in SADC and has limited agricultural potential to supply a significant portion of its petrol from ethanol. Many of the other SADC countries have excellent agricultural potential but limited markets. The adoption of a phased-in 60 percent ethanol replacement of petrol within SADC over the next 15 years would result in the construction of over 100 sugar milling / ethanol facilities, each larger than Tongaat Hulett's Felixton mill. This would result in the creation of about 3 million direct jobs, at least as many indirect jobs and support the livelihood of 24 million people, mostly in rural areas. SADC agriculture is well below its potential both in terms of areas under intensive crop farming and productivity. The development of an ethanol industry on the scale described above would require the use of 3 to 6 percent of available land based on a combination of irrigated and rain-fed sugar cane farming.

A second thrust in terms of renewable energy is the production of electricity from the burning of sugar cane fibre. While this has been carried out by the sugar industry for many years, it has not been exploited from a South African perspective on a commercial scale. The adoption of high efficiency boiler and electricity generating technology will allow sugar mills to produce substantially more electricity from the same quantity of fibre, allowing for meaningful quantities of renewable electricity to be made available to the national grid. If this thrust is developed in parallel with a bio-fuel regime, then the 100 plus sugar mills discussed above in terms of ethanol production could potentially create 8 000 MW to 10 000 MW of renewable electricity-generating capacity.

STARCH OPERATIONS

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 four wet-milling plants, located in Kliprivier, Germiston and Meyerton in Gauteng and Bellville in the Western Cape, Tongaat Hulett converts more than 600 000 tons of maize per annum into starch and starch-based products. It also operates a dedicated Sorbitol facility which is located in Chloorkop in Gauteng and has distribution networks and facilities in Zimbabwe, Australasia and the Far East. 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 South Africa is positive for the volume growth of these products and with the ability to increase production, from installed milling capacity, by a further 20 percent the company is well placed to benefit from increased demand.

The past few years have seen the United States convert an increasing amount of its maize to ethanol. International maize prices have historically been trading close to US$90 per ton. Current projections indicate a maize price going forward of above US$170 per ton. This has resulted in the South African maize industry becoming more competitive.

LAND FOOTPRINT

Tongaat Hulett's operational land footprint within the SADC region amounts to approximately 550 000 hectares. This footprint consists of 274 000 hectares of land owned or controlled by Tongaat Hulett. A further 110 000 hectares of private grower land supply cane to the four South African sugar mills, 15 880 hectares to the two Zimbabwe mills and 2 544 hectares to the two Mozambique mills. Approximately 150 000 hectares of private maize farmland supply the four starch operations.

Mr Michael Mabuyakhulu, MEC KwaZulu-Natal DED&T with small-scale farmers from Operation Vuselela

LAND CONVERSION

In South Africa, 8 657 developable hectares (13 654 gross hectares) of company owned land have been identified for conversion to other uses when conditions are appropriate. This conversion process takes place over a number of years, and the land remains under sugar cane until the transition to development takes place.

Durban/eThekwini, South Africa's third largest city, continues to expand into Tongaat Hulett's land holdings to the north and west. The King Shaka International Airport, with its ability to attract direct international flights and the development of the surrounding Dube Trade Port are providing further impetus for this growth. Over the past 12 years Tongaat Hulett's development operation has converted some 2 600 gross hectares to development.

The company is a proactive partner with governments and communities in this conversion process. Key mechanisms to create optimal value are large scale strategic planning with regulatory authorities to position the landholdings correctly, including a socio-economic development plan, securing development rights, facilitating the requisite investment in bulk infrastructure and then converting the landholdings.

SUSTAINABILITY

Over the past century, Tongaat Hulett has established itself as a leading large scale agricultural and agri-processing business which has its base firmly established in Southern Africa.

Tongaat Hulett follows a philosophy of sustainable development and continues to make good progress in entrenching and enhancing the various programmes and initiatives it has in place in the areas of safety, health, environment and community relationships. This, together with the commitment to sound corporate governance, is consistent with the principles of the King III corporate governance framework, including ensuring that sustainability matters are an integral component of the company's strategy.

With a significant number of the business operations being located in rural communities including Mozambique, Zimbabwe and the north coast of KwaZulu-Natal, there is a strong commitment to facilitate the development of successful indigenous private farmers. In keeping with this commitment, the company has already seen the benefit of partnering with the KZN Department of Economic Development and Tourism in developing black sugar cane farmers through its Operation Vuselela project. Ensuring the viability and success of private farmers remains a critical success factor for the sugar mills and the provision of support to farmers includes the supply of the correct seed cane varieties, extension services for training and development to improve farming practices and the establishment of the necessary logistics and cane harvesting service to ensure that the cane is delivered to the mill. The company is committed to the development of successful rural communities in the regions that surround its operations and the business will continue to identify how best it can further partner with farmers, communities and governments in order to achieve this objective.

The safety and the welfare of all employees remains a key priority as the business strives to create a workplace free of injuries. The company's participation in various sustainability reporting initiatives, including the Carbon Disclosure Project (CDP), the CDP Water Disclosure Project and its listing on the JSE's Social Responsibility Investment index for the seventh consecutive year are testimony to Tongaat Hulett's approach to sustainable development.

OPERATIONS AT A GLANCE

Sugar operations
Starch operations
Offices

JB MAGWAZA
Chairman

INTRODUCTION AND OVERVIEW

I am pleased to present my statement as Chairman to stakeholders of Tongaat Hulett and to report on activities of the past year.

In a dynamic year, characterised by a number of different factors, headline earnings of R806 million were generated, which was similar to the prior year. The various dynamics relative to the sugar and starch agri-processing and agricultural operations, as well as the land conversion activities, are detailed in this integrated annual report. Tongaat Hulett is well positioned to make substantial progress towards fully utilising its installed sugar milling capacity of some 2 million tons per annum and renewable energy provides substantial future opportunities.

The Board declared a final dividend of 140 cents per share. The final dividend, which, together with the interim dividend of 110 cents per share, amounts to a total dividend of 250 cents per share for the financial year ended 31 March 2011.

BUSINESS SUSTAINABILITY

Tongaat Hulett is a responsible corporate citizen and continues to place high priority on enhancing the growth of its business whilst adding value to its stakeholders in a sustainable manner, including pursuing skills development opportunities for its workforce and promoting successful rural living for surrounding communities.

The safety of employees across all operations continues to be an area of high priority, with the company making every effort in recent years to improve on safety performance. Despite all continued efforts to ensure highest standards of safety and occupational health, there were regrettably four fatalities recorded during the year under review, which the CEO expands upon in his report. Each fatality is one too many and the company seeks to consistently apply the lessons learned from every reported incident. Deepest condolences go out to all affected families, friends and colleagues.

Tongaat Hulett was again included in the JSE's Socially Responsible Investment (SRI) index for the seventh consecutive year, ranked among twenty three best performers and noted as one of eight consistent best performers for the past four years. Other notable achievements include once again taking lead position in the Food & Beverages sector of the Financial Mail's Top Empowerment Companies for 2010, and winning the Best Reporting and Communication Award in the Consumer Products category as voted by the Investment Analysts Society of Southern Africa for the third year running. The Board is justly proud of these achievements and records its continuous support to the management team in its tireless efforts towards sustainable organisational performance.

In the context of operating within ever-changing business environment dynamics, Tongaat Hulett is on an exciting journey where relevant issues that dominate the global agenda such as climate change, carbon disclosure and water disclosure projects and renewable energy are among its priority considerations. The sustainability report contained in this integrated report further addresses this and other key issues in detail.

The Board is confident of the company's ability to meet the many challenges and exciting opportunities in achieving its business sustainability objectives, given its clear strategic platform, sustainable agricultural and business practices and astute stakeholder engagement.

CORPORATE GOVERNANCE

The Board is the custodian of corporate governance and maintains its commitment to principles of corporate discipline, ethical leadership, transparency, integrity and accountability. The Board confirms that it applies the principles embodied in King III and its recommendations as appropriate for the business, as can be seen in the corporate governance section of this integrated report. The company complies with the listing requirements of the JSE and pertinent legislation to which it is bound. The recently promulgated Companies Act and Consumer Protection Act continue receiving appropriate attention, amongst other key legislation, and the company is well placed to meet the demands and challenges they pose.

CHANGES TO THE BOARD

During the year under review, Vincent Maphai resigned as an independent non-executive director as a result of other business commitments and to focus on his role on the National Planning Commission. We thank him sincerely for his contribution to the Board and wish him success in his current and future endeavours.

Russell Stevens, who joined the Board in 1997, is due to retire with effect from the forthcoming annual general meeting on 29 July 2011, having reached mandatory retirement age. Russell provided invaluable insight and contribution as a director and, on behalf of the Board, I extend to him our gratitude and very best wishes for the future.

APPRECIATION

I conclude by recording my appreciation to the Board for its support and wise counsel. The Board joins me in thanking Peter Staude and his executive team for their hard work and commendable efforts in managing the business in the face of the prevailing operating and economic challenges.

I also wish to express our deep appreciation to all members of staff for their commitment and dedication to Tongaat Hulett.

JBMagwaza

J B MAGWAZA

CHAIRMAN

Amanzimnyama
Tongaat, KwaZulu-Natal

26 May 2011

PETER STAUDE
Chief Executive Officer

The past year continued to be characterised by counteractive factors. Progress towards fully utilising Tongaat Hulett's installed sugar milling capacity of some 2 million tons per annum was hampered by the severe drought in the 2009/10 growing period in South Africa, coupled with poor growing conditions in Mozambique in the early part of 2010. Tongaat Hulett's sugar production in South Africa was the lowest in many decades. Exchange rates have been less favourable than in the prior year. Sugar realisations in the past year in the Mozambique local market and on exports from South Africa were constrained. Favourable prices were achieved on exports from Mozambique and Zimbabwe into the European Union and the United States. The 7 800 hectare increase in land under cane, with its corresponding root planting, as well as better expected future yields, crop positioning and improved sugar prices led to an increase in the value recorded for the sugar cane growing crop at the 31 March 2011 year end. The results of the starch operation improved substantially. The sale of development land remained depressed in the current economic climate, while values were maintained.

Tongaat Hulett continued to make progress in capitalising on its strategic platform.

- The predominant short term focus of the business continues to be on increasing cane supply which, together with improving cane to sugar ratios, should move Tongaat Hulett's production to in excess of 2 million tons of sugar per annum compared to the 1 million tons produced in recent seasons. Approximately 90 percent of sugar milling and overhead costs are fixed and the increased sugar volumes will lead to a substantial reduction in unit costs of production.
- Weather conditions will continue to have an impact and, at the same time, the key issues remain getting the appropriate hectares under cane, uplifting yields to the targeted levels and establishing the right balance between cane from Tongaat Hulett estates and that from private farmers linked to the mills.
- The strategy to increase cane supply is focused on growing Tongaat Hulett's influence in cane development through leasing land, working with private farmers and collaborating with government to rehabilitate cane supply on its land and land reform farms that have gone out of cane.
    - In South Africa, during the 12 months to 31 March 2011, 5 606 hectares of new cane was planted, which follows the 4 090 hectares planted in the 2009/10 season. This intervention was primarily driven through planting initiatives on communal land that involved seed cane subsidies or through Project Vuselela (revival in Zulu) as well as leases and farm management contracts on commercial farms. Further expansions of the area under cane of at least 8 000 hectares are planned for the 2011/12 planting period, with the land under sugar cane supplying Tongaat Hulett mills targeted to reach approximately 159 000 hectares by the 2014/15 season. A key factor in achieving this is ensuring that there is no backlog in root replacement. In the 2010/11 season the average yield was 36,3 tons cane per hectare, partly as a result of the drought and also due to poor farming practices. The target is to increase yields to 54 tons cane per hectare harvested by the 2014/15 season, assuming normal weather conditions.
    - Tongaat Hulett has been appointed as a strategic partner to rehabilitate land reform beneficiary farms within its cane catchment area in South Africa. In terms of the partnership agreement signed by the National Department of Rural Development and Land Reform, the Government will contribute some R70 million to rehabilitate approximately 57 land reform farms.
    - In Zimbabwe, Tongaat Hulett has embarked on a comprehensive private farmer rehabilitation programme to increase sugar cane production substantially over the next three years to more than 1,4 million tons per year by the 2014/15 season on 15 880 hectares that are privately farmed. In the event that the private farmer segment had achieved the cane yields possible from their estates, US$77 million would have been paid to them based on the sugar price relevant for the period to 31 March 2011. An accelerated private farmer cane replanting program under the direction of a full time project management team has been initiated to replant some 4 000 hectares per year over the next three years. This together with support on fertilizer supply, pest and weed control and good farming practices should result in yields increasing from 47 tons cane per hectare in the 2010/11 season to 99,9 tons cane per hectare in the 2014/15 season.
    - In addition to Tongaat Hulett's initiatives in this area, the first two tranches of the EU Adaptation Funding Programme amounting to €9,2 million

have been applied to rehabilitate infrastructure and the replanting of 1 200 hectares of private farmer cane in Zimbabwe. A third tranche of €13,8 million will fund carried over shortfalls and further rehabilitate infrastructure over the next 12 months.

- The 21 800 hectares harvested in Mozambique at an average of 72,9 tons cane per hectare in the 2010/11 season is scheduled to grow to 26 848 hectares with a cane yield of 93,6 tons cane per hectare in the 2014/15 season.
- Over and above the increase in land under cane, management continues to focus on optimising crop positioning so that sugar cane is harvested every 12 to 13 months thereby maximising sugar yields. Additional focus on key mill performance measures including Time Efficiency and Overall Sugar Recovery Rates will ensure that operations progress to consistently perform at world class levels.

- The past year has seen increased debate around indigenisation in Zimbabwe. Tongaat Hulett understands the fact that indigenous people wish to be empowered within their own economy. Ninety-nine percent of the management and employees at the operations in Zimbabwe are of Zimbabwean descent. In the ongoing discussions, Tongaat Hulett has recommended that the focus be placed on further developing indigenous Zimbabwean farmers. In the 2010/11 season, 569 farmers delivered 413 835 tons sugar cane from 8 805 harvested hectares of land to the Hippo Valley and Triangle sugar mills. Tongaat Hulett has targeted that by the 2014/15 season some 865 farmers will deliver 1,4 million tons sugar cane to its operations from 15 880 hectares.
- The regulatory framework underpinning the South African sugar industry is under review. The emergence of renewable electricity and ethanol opportunities and the move to intra-regional sugar flows will increasingly play a bigger role in defining the industry.
- A review of regional prices reveals that in addition to having had the lowest export realisations in recent years, the South African domestic market prices remain the lowest in the region, with the exception of the 2010/11 realisations in Mozambique following the significant devaluation of the Metical. The structural shortfall in supply to the EU market offers Tongaat

Hulett and the region the opportunity to optimise sugar flows within the Southern African Development Community to its and the region's benefit.

- The company's sugar technology leadership continued during the year with milling performance exceeding industry benchmarks measured in terms of crystal sugar recovery. The top two South African industry positions were taken by Tongaat Hulett mills. The refinery continued its upward trend in capacity utilisation, achieving an all-time production record that resulted in refined sugar production increasing to 628 000 tons in 2010/11 (2009/10: 575 000 tons).

- Following the progress made at the Copenhagen and Cancun conferences, South Africa, as the host nation of COP 17, will face increased pressure to show tangible progress in its objective to reduce the country's CO_2 emissions.

  - Tongaat Hulett is currently engaging with the South African and Mozambique governments with regard to the development of the policy framework to enable the rapid development of the bio-fuel industry in the region.

- The structural changes taking place in international agricultural commodity markets have resulted in the improved competitiveness of South African maize and Tongaat Hulett's starch operations, which can increase production, from installed milling capacity, by a further 20 percent.

  - Operational performance in 2010/11 improved at all plants against key benchmarks with an estimated benefit of R26 million.

  - The local maize price is currently trading close to, or below the world price, which has recently been trading in a range between US$260 - US$300 per ton compared to its long-term mean before the introduction of ethanol in the USA of US$80 - US$100.

  - Exports are growing and the trading footprint in the SADC region is being developed. Increasing exports to utilise the existing milling capacity would have an EBIT impact of more than R60 million per annum.

- The Durban region is currently short of serviced industrial land and, with a growing logistics sector, the opportunity is increasing for the establishment of an internationally competitive aerotropolis in the region surrounding the King Shaka International Airport and Dube Trade Port.

  - The Environmental Impact Assessment (EIA) for Cornubia South, which includes the Cornubia industrial and business estate, is currently underway. The area is a national priority project and is eThekwini's and KwaZulu-Natal's first sustainable integrated human settlement. The Cornubia industrial and business estate comprising 203 gross hectares (103 developable hectares) and 85 platform hectares is scheduled to commence selling in February/March 2012.

  - The EIA for the Inyaninga industrial and commercial business park node comprising 707 gross hectares (550 developable hectares) is in progress and Tongaat Hulett is pursuing bulk land sales or land conversion partnership agreements in this regard.

- Market conditions in most sectors have been muted. Tongaat Hulett continues to actively pursue bulk land sales and land conversion partnership agreements with both public and private sector entities, for example the Sibaya landholding near eMdloti is being marketed as an internationally significant development and investment opportunity.

- The creation of a workplace that is free from injuries and fatalities is a high priority in the business. Operations continue to focus on reducing or eliminating the inherent risks that are present in the operations, coupled with ongoing attention to human behaviour. The LTIFR for the year to 31 March 2011 was 0,10 (LTIFR 2010 0,097) and when viewed against an LTIFR of 1,27 in 2003, there has been a significant improvement in the company's safety performance. Regrettably, four fatalities occurred during the reporting period. In the first incident, an irrigation operator was struck by a goods train at the Triangle operation in Zimbabwe. Three people were fatally injured in motor vehicle accidents, two in Zimbabwe and one in Mozambique.

FINANCIAL AND OPERATIONS REVIEW

Revenue increased by 10 percent to R9,7 billion for the twelve months ended 31 March 2011 and profit from operations was R1,338 billion compared to the R1,500 billion earned in the previous comparative twelve months. Headline earnings of R806 million were recorded, compared to R815 million for the twelve months to 31 March 2010.

Profit from the starch operations increased by 21 percent to R303 million from R251 million in the prior year. A margin increase was generated by improvements in manufacturing efficiencies, lower maize costs and higher international starch prices. This was partially offset by a firmer Rand and lower co-product prices. Higher international maize prices combined with favourable agricultural conditions resulted in a third consecutive

annual South African maize surplus and local maize prices which traded close to or below international prices for most of the year.

MAIZE PROCUREMENT

The final maize crop estimate for the 2009/10 season amounted to 12,8 million tons (2008/9: 12,0 million tons). Despite an expected reduction in the area of maize planted in South Africa to 2,38 million hectares (2009/10: 2,74 million hectares) during the current summer crop production season, reasonable growing conditions are expected to result in a crop of 11,0 million tons which will ensure that supply exceeds local demand for a fourth consecutive season. This will maintain Tongaat Hulett's competitive position. South African maize prices continue to trade at levels of US$40 - US$50 below the CBOT price for the old season maize and US$15 - US$35 for the new season crop.

Physical maize requirements of non-genetically modified maize for Tongaat Hulett continue to be secured through a combination of contracting directly with farmers and contracting for delivery with selected grain traders. The physical supply for the remainder of the season to June 2011, and the requirements for the period July 2011 to May 2012 have been contracted.

Maize pricing is delinked from the physical supply utilising either a toll manufacturing arrangement or a back-to-back pricing approach. Both approaches eliminate the risk of profit volatility that could arise from valuation adjustments on maize. The back-to-back method, however, does not eliminate the profit volatility which arises due to the relative prices of South African maize compared to international prices. The use of a third pricing mechanism, which secures the local price of maize at a level relative to the international price, was increased during the season. Utilising a combination of the above three methods has resulted in the maize price on approximately 71 percent of the 2011/12 financial period's local maize requirements being hedged at levels close to the international price of maize at March 2011.

LOCAL MARKET

Domestic volumes for starch and glucose for the financial year increased by 2,6 percent as the economy continued to recover from the global recession. Volume growth of 11,8 percent was recorded within the coffee and creamer sector as consumer demand continued to increase and additional production capacity was commissioned. The confectionary sector recorded annual growth of 8,1 percent due to new entrants in the market as well as expansion projects undertaken by customers. Trials for the replacement of imported starch in the paper sector commenced in the last quarter of 2010 with the estimated annual volumes amounting to 12 500 tons.

New product development for value added starches for both the domestic and export markets continued during 2011, with sales of starch-based adhesives equating to 1 388 tons and additional exports to Kenya and Malawi expected to commence in the second half of 2011. The toll manufacturing of modified food starches in Thailand, which will allow for expansion into the food market, continued during the period.

EXPORT MARKETS

Export volumes increased by 30 percent to 48 590 tons supported by the competitive South African maize prices and improvements in local production that enhanced supply chain reliability. The key markets that reflected the growth were the Australian, Nigerian and Zimbabwean markets. Tongaat Hulett is continuing to develop its trading footprint in the SADC region and a key focus in the current financial period will be on increasing exports in this region.

STARCH MANUFACTURING EFFICIENCIES

The high level of management focus on all areas of manufacturing efficiency has yielded positive results and significant cost reductions have been realised leading to an improvement in operating margins. Further improvements are expected in the forthcoming period with the commissioning of new equipment in the first quarter of the financial period.

The use of bunker silo facilities at the Kliprivier and Meyerton mills continued during the period. These silos assist in reducing storage and handling costs and their use is one of a number of initiatives being pursued in order to improve grain handling at the operations.

The Zimbabwe sugar operations increased production by 29 percent to 333 000 tons from 258 000 tons in the prior year. Initiatives are underway with farmers to increase the hectares under cane, as well as to improve yields and optimise cane age on the company estates, in order to grow cane supply. The opportunity exists for a further 80% growth in sugar production up to the installed milling capacity of 600 000 tons per annum and a reduction in the unit cost of production. The extended mill refurbishment programme during the previous off-season resulted in a late start at Hippo Valley Estates, consequently not all the cane could be crushed by the end of the season. The quantum of the increase in the value of growing crops in 2010/11 was lower than that of 2009/10 due to the re-establishment of the sugar cane crop and a greater price recovery in 2009/10. The profit from the Zimbabwe sugar operations was R454 million (US$ 63 million) compared to R518 million (US$ 66 million) in the prior year.

SUGAR CROP AND OPERATIONAL PERFORMANCE

Tongaat Hulett's Zimbabwe operations accounted for 2,15 million tons of sugar cane crushed whilst private farmers delivered 413 835 tons sugar cane during the 2010/11 season. Sugar cane yields were adversely impacted by sporadic rainfall and intermittent power availability for irrigation during the peak growth period from November 2009 to February 2010. During the 2010/11 season, the Zimbabwe operations signed a preferential power supply agreement with the local power producer, in order to ensure continued electricity supply for irrigation purposes.

From a mill performance perspective, the company invested some US$30 million in order to restore milling operations to their installed capacity. The refurbishment program at Hippo Valley mill started in the 2009/10 season and was completed in the 2010/11 season. The program was aimed at restoring the mechanical soundness and sugar recovery efficiencies to installed capacity following years of minimal maintenance prior to the return to a more normal trading environment in 2009.

CREATING SUCCESSFUL RURAL COMMUNITIES

Tongaat Hulett operations play a significant role in the socio-economic development of communities surrounding the businesses in the lowveld region and employment opportunities are provided for some 17 800 employees. Social services to improve health, education, environment and social stability continue to be a key component of the Zimbabwe operations' commitment to the development of successful rural communities.

In Mozambique, sugar production increased by 24 percent to 166 000 tons, as the operations progress towards the recently expanded capacity of more than 300 000 tons per annum. Volumes were lower than expected as a result of crop positioning and weather conditions, which led to lower cane yields per hectare harvested and 18 percent less sugar extracted from the cane than expected, particularly in the latter part of the year. Consequently, some sugar cane originally targeted

for milling in the 2010/11 season was carried over and will be milled early in the 2011/12 season. Following the rapid depreciation of the Metical during the year, domestic market prices lagged regional prices for a large portion of the year and had a negative impact on operating profit of some R120 million. In addition, the fixed cost nature of the business resulted in high costs per ton of sugar produced, with the cane expansion still being in the ramp-up phase. Profit from operations was R135 million (Metical 628 million) compared to R141 million (Metical 521 million) in the prior year.

SUGAR CROP AND OPERATIONAL PERFORMANCE

During the 2010/11 season, the cultivated area of harvested sugar cane, for delivery to the Xinavane and Mafambisse mills, increased to 21 800 hectares (2009/10: 18 415 hectares). Sugar production in 2010/11 comprised 121 000 tons (2009/10: 89 000 tons) at Xinavane and 45 000 tons (2009/10: 45 000 tons) at Mafambisse.

Production of sugar was adversely affected by a number of factors, including unfavourable weather conditions. The unseasonal rainfall that occurred at Mafambisse from February to May 2010 when 46 percent more than Long Term Mean was recorded on average per month over the period, together with low sunshine hours, had a significant impact on crop growth and cane quality, which resulted in low recoveries. At Xinavane, reliability of power supply for irrigation purposes proved to have a negative impact on the crop and this was particularly evident in sugar cane harvested at the end of the milling season.

Following the expansion and project activities of the past two periods, the current focus continues to be on improving the quantum and quality of cane supplies to the mills. In order to address the power supply concerns at Xinavane, a 20 MVA sub-station was commissioned at the end of February 2011. Various initiatives have been implemented during the past two seasons to improve cane yields and ensure that the estates' yield potential is achieved. These include streamlining the management structure of the agricultural department, improving field layouts and drainage, gapping up of poorly germinated areas and irrigation system maintenance and operation.

The South African sugar milling, refining and agriculture operations made a loss of R7 million for the year compared to a profit in the prior year of R136 million. The extreme drought conditions in KwaZulu-Natal in the past season led to a reduction in the sugar crop and higher costs per ton of sugar produced. Sugar production reduced to 445 000 tons (2009/10: 564 000 tons). Domestic sales volumes grew by 3,2 percent. In terms of the South African sugar industry legislated regulations, 83 percent of the sales in the 2010/11 season were deemed to be local and 17 percent were recognised and valued as exports. The export realisations did not fully reflect the higher world prices and were limited by the reduction in production. The average realisation for these raw sugar exports was R3 272 per ton (2009/10: R3 070 per ton), including a sugar price of 18,5 US c/lb at an average exchange rate of R7,62/US$, which included a quota shipment to the US at 28,58 US c/lb.

SUGAR CROP

The South African sugar mills experienced a shortage of cane supply, predominantly due to a prolonged drought lasting from January 2010 to September 2010. The South African Sugar industry completed a comprehensive review of the small scale farmers actually delivering sugar cane and consequently reduced the hectares under cane supplying Tongaat Hulett mills by some 10 000 hectares. An additional 4 090 hectares were planted in the 2009/10 season resulting in the area under cane at the start of the season being 123 907 hectares.

The downstream sugar value added activities contributed R241 million to profit (2009/10: R200 million). This includes Voermol animal feeds, South African refined exports, regional marketing, sales, packing and distribution activities. During the 2010/11 season, the packing operations in Botswana and Namibia sold 49 000 and 55 000 tons of sugar in their respective markets where in both instances the brands in these operations are the market leaders.

In Swaziland, the Tambankulu sugar estate produced a raw sugar equivalent of 54 000 tons (2009/10: 54 000 tons). The Swaziland sugar industry's EU export realisations were lower than last year. The increase recorded in the value of the sugar cane in 2010/11 was below the increase of 2009/10. Operating profit reduced to R17 million (2009/10: R51 million).

Land and property development activity continues to focus primarily on the areas north and west of Durban in anticipation of demand in the near term from urban growth. Good progress is being made, working with all spheres of government, on adding value for all stakeholders through processes of preparing for the conversion of agricultural land to optimal land usage and accelerated socio-economic development at the appropriate time. In the present economic conditions the sale of development land across most sectors remains depressed and few hectares are being converted to development. Revenue in the past year was generated mainly from sales in the Cornubia, Umhlanga Ridgeside and Izinga areas, together with a benefit and associated land sale for the golf course at Zimbali Lakes, which is currently being constructed by Tongaat Hulett's joint venture partner. During this period, 144 developable hectares (209 gross hectares) were sold. Operating profit from land conversion and development amounted to R166 million (2009/10: R194 million) with a further R23 million in capital profits (2009/10: R52 million) being realised.

LAND SALES

The sale of 100 developable hectares of land at Cornubia South increased the extent of land owned by eThekwini to 369 developable hectares. Tongaat Hulett owns 345 developable hectares and the EIA for this area is currently underway.

The sale of land in Umhlanga Ridgeside during the reporting period re-confirmed net cash inflows of R9,9 million per developable hectare, when prices of R3 000 per bulk m^2 were achieved and in Umhlanga Town Centre net cash inflows of R16,4 million per developable hectare were achieved when record prices of R3 610 per bulk m^2 were realised. In addition, land sales at River Horse Valley realised R1 750 per m^2 of platform when R6,2 million per developable hectare was achieved.

The centrally accounted and consolidation items, in profit from operations, included a gain of R130 million (2009/10: R82 million) on the recognition of an unconditional entitlement to an employer surplus account allocation, which is funding an employer contribution holiday in the Tongaat Hulett pension fund.

Tongaat Hulett's operating profit has increased to R1,606 billion from R1,535 billion in the prior year. It includes an amount of R288 million, relating to the recognition of an accounting surplus in the South African defined benefit pension fund, as required by international financial reporting standards (IFRS), following the formal splitting of the fund between Tongaat Hulett and Hulamin.

Finance costs for the year increased to R472 million from R365 million in the prior year. The capitalisation of interest on the Mozambique expansion project ended in the prior year, with the commissioning having been completed.

Cash inflow from operations, before a working capital absorption and tax payments, was R1,005 billion for the year. The last three years have seen significant capital expenditure on the Mozambique expansion and cash being absorbed in the establishment of the expanded cane crops, the replanting of sugar cane and mill refurbishment in Zimbabwe. Tongaat Hulett's net debt at the end of the year was R3,925 billion (2009/10: R3,040 billion).

The Board declared a final **dividend** of 140 cents per share, which brings the total annual dividend to 250 cents per share, compared to 275 cents per share in the fifteen month prior period.

CONCLUSION

OUTLOOK

The large South African maize harvest in 2010 and the high maize stock levels from the previous two seasons should maintain local maize prices close to world prices and contribute to the competitiveness of the starch operation. Higher international starch prices are countering the impact of the exchange rate.

Tongaat Hulett expects to make further progress in growing sugar production towards the target of doubling the 2010/11 production, utilising the available milling capacity, with a simultaneous reduction in unit costs. Production in Mozambique is expected to increase by more than 50 percent in the 2011/12 season to between 250 000 and 270 000 tons of sugar, with an increase in hectares harvested, higher cane yields and improved sugar extraction from cane anticipated. Zimbabwe sugar production in the 2011/12 season is expected to increase to between 360 000 and 380 000 tons of sugar, with better cane age and yields on a similar number of hectares being harvested. In South Africa, sugar production is expected to increase in the 2011/12 season, notwithstanding the variable growing conditions at the beginning of the year, as the cane recovers from the drought of 2010. The strategy to increase cane supply in South Africa is focused on increasing Tongaat Hulett's influence in cane development through leasing land and collaborating with government to rehabilitate cane supply on its land and land reform farms that have gone out of cane. Tongaat Hulett expects to have new sugar cane planted on more than 8 000 hectares in South Africa in 2011/12, following the additional 9 696 hectares planted over the past two years.

Pricing of raw sugar into the European Union is reflective of demand exceeding supply. Regional sugar prices at the start of the new season are above those of last year, in line with current global sugar dynamics.

Considerable growth in profit from operations is expected in the year ahead. Tongaat Hulett's financial results remain sensitive to movements in the Rand, US dollar, Euro and Mozambique Metical. These impact on the revenue streams, costs incurred and the conversion of profits into Rands.

Agricultural land conversion and development activity is currently focused on development, partnership and bulk sale opportunities in the north and west of Durban, including industrial and business park land adjacent to the new international airport and at Cornubia. Industrial land in Durban/eThekwini remains in short supply. Tongaat Hulett has 13 654 gross hectares available for conversion to development over time in South Africa.

Renewable energy, both electricity generation and ethanol production from sugar cane, provides substantial future opportunities.

ACKNOWLEDGMENTS

I wish to pay tribute to the more than 42 000 employees of Tongaat Hulett and thank them for their continuing dedication and commitment to the achievement of the business' strategic objectives. Our significant agricultural and agri-processing footprint in the rural areas of Mozambique, Zimbabwe and the North Coast of KwaZulu-Natal present us with the opportunity to continue our contribution to the ongoing development of successful rural communities. Working together with farmers, communities and governments, we have established a competitive platform that will stand us in good stead into the future.

Our appreciation to extended to Russell Stevens and Vincent Maphai for the contributions made, during their time on the Board. The support and guidance that we have received from the Board is highly valued. Tongaat Hulett is fortunate to have a Chairman of JB Magwaza's calibre. His wise counsel, calmness and insight into socio-economic issues is particularly appreciated.

Peter Staude

PETER STAUDE

CHIEF EXECUTIVE OFFICER

Amanzimnyama
Tongaat, KwaZulu-Natal

26 May 2011

MANY SUCCESSES

- Hippo Valley Estate - Gold Award for Safety
- Xinavane Mill - leader in the fight against HIV & AIDS
- Inclusion in the JSE SRI index
- Level 2 B-BBEE Rating
- Finalist in the Climate Change Leadership Awards

CONTINUING OPPORTUNITIES

- Renewable energy
- Participation in the Investor Carbon Disclosure Project (CDP)
- Participation in the CDP Water Disclosure Project
- Continued focus on safety improvement
- Continued focus on food safety

STRATEGY AND ANALYSIS

INTRODUCTION

As a key player in agriculture and agri-processing, Tongaat Hulett has a responsibility to operate with a long-term view that takes into account how decisions and actions impact its on-going performance and affect the people, habitat, planet and resources associated with company operations. Sustainability is integrated within all facets of the business and is aligned to the organisation's overall objectives. This has direct benefit to the company and its stakeholders as there is an improvement in management's performance and operational efficiency that enables it to reduce the risk that could affect the realisation of strategic goals.

The company considers the management of its opportunities and risks in the environmental, social and economic spheres as fundamental to its future success. This commitment has been reinforced through continued improvement in the company's engagement with all stakeholders.

With a significant number of the business operations being located in rural communities including Mozambique, Zimbabwe and the North Coast of KwaZulu Natal, there is a strong commitment to facilitate successful indigenous farmers around these areas. In keeping with this commitment, management has already seen the benefit of partnering with the KZN Department of Economic Development and Tourism (KZN DED&T) in developing black sugar cane farmers through its Operation Vuselela project (vuselela means 'revival' in Zulu).

Tongaat Hulett will continue to identify how best it can partner with governments and the people surrounding its operations in order to contribute to creating successful rural communities. Creating successful rural communities around company operations includes having an understanding of the socio-economic development agenda of the region and aligning this to the strategic objectives of the organisation.

The protection of the environment is also key to Tongaat Hulett's operational principles and therefore the company seeks to go beyond compliance with environmental regulations and strives to meet internationally accepted best practice.

At Tongaat Hulett, the development of people and the enforcing of operational safety standards are of significant importance. The company has planned and implemented a number of initiatives over the years that are focused on occupational safety, talent management and environmental stewardship. Tongaat Hulett believes that all incidents are preventable and therefore has a goal of zero injuries across all operations. Safety is high priority and therefore, the company has undertaken a shared commitment to understand and apply the lessons learnt from every reported incident. Tongaat Hulett has made strong progress in recent years to enhance safety performance. Total recordable lost time injuries frequency rate (LTIFR), a key industry measure of the number of injuries recorded per 200 000 hours worked has fallen by more than half since 2005. It remains an unacceptable fact that people are still being injured and it is with regret that the company reports the death of four employees.

In the context of operating in an increasingly dynamic world, where issues such as climate change adaptation and mitigation are taking on greater relevance, stakeholders continue to expect that Tongaat Hulett will act in a fair and responsible manner. Meeting this expectation is core to business sustainability and Tongaat Hulett is pleased that the company is recognised as a leading performer in reporting its progress in these areas. The company recognises its responsibility to contribute to the health and safety of employees and the principles of fairness, integrity and respect is core to dealing with employees, in as much as the company is committed to minimising the impact on the environment. Regular reviews of existing initiatives and measurements of performance are the norm.

In response to challenges associated with climate change, the conference of the parties (COP), the governing body of the United Nations Framework Convention on Climate Change (UNFCCC), advances implementation of the Convention through the decisions it takes at its annual meetings. South Africa, particularly KwaZulu-Natal, has been honoured to host the event known as COP17 at the end of 2011. Tongaat Hulett will support the government through its association with the National Business Initiative (NBI) and Business Unity South Africa (BUSA).

The company is in its second year of focusing on the following key strategic parameters:

- Contributing to the development of successful rural communities, including indigenous farmers of sugar cane and other staple crops, in the areas that surround our operations.
- Ensuring that management continues to be empowered to address sustainability in all facets of the business.
- Further improving the disclosure of relevant information.
- Effectively managing the opportunities and risks created by Climate Change and responsible Carbon Management.
- Responsible management of water resources.
- Playing an active role in the renewable energy sector in the region.

The company is on an exciting journey to play a role in transforming the region and meeting future growth opportunities in a sustainable manner. To this end, Tongaat Hulett has created 10 098 job opportunities since 2006 (39 314 employees as at 31 March 2011, 29 216 as at 31 December 2006).

KEY IMPACTS, RISKS AND OPPORTUNITIES

The current business environment is acknowledged as having many changing and challenging elements, especially in the context of the global economy and evolving environmental and social dynamics. Maximising the emerging opportunities from these risks is possible once the appropriate risk mitigation strategies and processes have been developed and implemented.

REPORTING BOUNDARIES

Following the most recent report, published for the period of 1 January 2009 to 31 March 2010, this report covers all of Tongaat Hulett's operations in Botswana, Namibia, Mozambique, South Africa, Swaziland and Zimbabwe for the 12 months ended 31 March 2011. Tongaat Hulett's geographical presence is contained on page 7 of this integrated annual report.

Wherever possible, quantitative performance data for key sustainability indicators is provided for the reporting period. Due to the shift from a 15-month reporting period in our last report to a 12-month period this year, it has been decided that the 2011 data will become the baseline for comparability. In some cases, such as with respect to employee figures, data is already comparable and therefore is reported using year-on-year trends.

KEY IMPACTS	RISKS	OPPORTUNITIES
Food Safety	Product recalls linked to bad manufacturing practices or using contaminated ingredients may result in financial and reputational loss.	By embarking on third party certification such as HACCP/GMP and influencing supply chain to do the same, risk of recalls is minimised.
Skills Development	In a competitive job market, staff may be lost to external opportunities.	Investing in talent management and people development is a key priority to retain skills.
Workplace Safety	Unsafe working environments and inadequate safety awareness can lead to high injury rate.	Continuously improving safety performance and instilling a safety-focused culture.
Climate Change	Physical, regulatory and reputational risks associated with climate change present risk to our operations. Changing weather patterns may affect crop yields.	Improving value chain efficiencies such as energy, production and transportation can reduce operating costs and limit the potential financial impact.
Water Resources	As an agri-processing business the industry relies on quality water resources to grow sugar and process finished products.	Water use reduction will improve the operating efficiency and reduce company exposure to water related risks.

This report has been prepared in accordance with the Global Reporting Initiative (GRI), and meets the requirements of their B+ reporting level and has been independently assured by SustainabilityServices. Sustainable development aims to meet the needs of the present without compromising the ability of future generations and Tongaat Hulett is firmly committed to advancing these principles.

ORGANISATIONAL PROFILE

Tongaat Hulett is an independent agricultural and agri-processing business, which includes integrated components of land management and property development. With its established and growing operations, it has considerable expertise in downstream agricultural products, biofuel production and electricity generation. The energy-food-water nexus is an evolving dynamic presenting both opportunities and risks. Tongaat Hulett is well positioned to benefit from the changing world of agriculture and agri-processing.

Tongaat Hulett Limited, previously known as The Tongaat-Hulett Group Limited, was formed when the Tongaat Group Limited merged with the Huletts Corporation Limited. The Tongaat Group Limited evolved from a partnership between Edward Saunders and W J Mirrlees, which dates back to 1875, while the Huletts Corporation has its beginnings in the 1850's. Tongaat Hulett has a primary listing on the Johannesburg Stock Exchange, which dates back to 1952, and a secondary listing on the London Stock Exchange, which dates back to 1939.

Tongaat Hulett's key focus areas of sustainability include safety, health, environment, developing successful indigenous farmers, broad based black economic empowerment, human resources and skills development, talent management, employment equity, socio-economic development, stakeholder engagement and corporate governance.

As at 31 March 2011, Tongaat Hulett employed 39 314 people. Despite the company's continued commitment to safety, tragically there were four fatalities for the year ended 31 March 2011. The company continues to roll out

where we operate

Botswana, Namibia, Mozambique, South Africa, Swaziland and Zimbabwe

leading brands

Some of Tongaat Hulett's most popular brands are Amyral maize starch, Voermol, Hyclear glucose syrup, Zimbali, Izinga, Huletts, Equisweet, SUGAlite and Sugar Joule.

CORNUBIA Building Tomorrow

Izinga

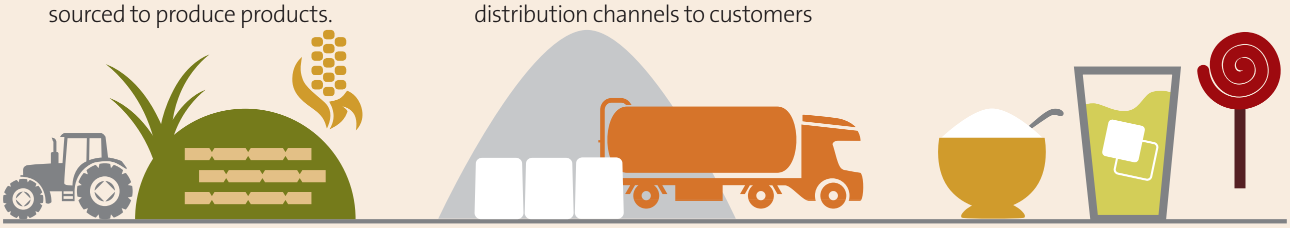
ZIMBALI COASTAL RESORT

value chain

Raw materials and Production
Natural ingredients such as sugar cane and maize are grown or sourced to produce products.

Packaging and Distribution
The products are then packaged and shipped through various distribution channels to customers

Consumers
Customers purchase brands from a variety of retail outlets



its safety plans, which focus 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.

OUR PERFORMANCE

EXTERNAL RECOGNITION

- In 2010, Tongaat Hulett was included in the JSE's Socially Responsible Investment (SRI) index for the seventh year in a row, was ranked among the twenty-three best performers and was noted as one of eight consistent best performers for the past four years.
- The company ranked first in the Food & Beverages sector of the Financial Mail's Top Empowerment Companies 2010, for the third year in a row.
- 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 in 2010, for the third consecutive year running.
- Hippo Valley Estate was awarded the Zimbabwe Occupational Health Council Gold Award for Safety in Masvingo Province and the Gold Award for Safety in the Agricultural sector at National level.
- Xinavane Mill in Mozambique won the second prize on businesses with excellent and leading initiatives in the fight against HIV and AIDS.
- The Institute of Waste Management of South Africa awarded the Refinery a Gold award for innovation and good waste management practices.

ENVIRONMENTAL STEWARDSHIP

MANAGEMENT APPROACH

Tongaat Hulett has a responsibility to manage the earth's finite resources as it runs its operations. Similarly, it recognises its obligation to limit its carbon footprint, by reducing its emissions through appropriate energy efficiency measures, shifting to fuels with lower carbon emissions and increasing its reliance on renewable energy. Research is regularly undertaken to measure and monitor the impact of operations on the environment and implement systems to ensure that resources are used in a sustainable manner.

Policies and practices are in place in Botswana, Namibia, Mozambique, South Africa, Swaziland and Zimbabwe to ensure that operations are managed within the relevant statutory and legal parameters and Tongaat Hulett's self-defined best practice requirements.

Key environmental risks continue to be identified and appropriate action is taken to either eliminate or minimise these risks. Environmental incidents and complaints received are monitored and appropriate corrective action. Significant progress has been made during the reporting period 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. Accredited auditors monitor the achievement of objectives and operational targets have been set in respect of primary water use, energy use, air quality (sulphur dioxide emissions), land use and bio-diversity.

SUSTAINABILITY INDICATORS

INDICATOR	2008 (12 months)	2009/10 (15 months)	2010/11 (12 months)
Revenue	R7,106 bn	R11,136 bn	R9,681 bn
Annual Dividend per share (cents)	310	275	250
Number of employees at year end	40 132	40 824	39 314
Skills Development Score	4,39	5,96	10,19
Employment Equity Score	9,78	10,18	11,54
Socio-economic Development Score	5,00	5,00	5,00
Fatalities	7	11	4
LTI's	50	65	50
Water used in manufacturing	-	23 222 688 m^3	26 803 489 m^3
Carbon footprint (total tons of CO_2)	-	1 307 091	1 120 634

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 combination between economic development, environmental enhancement and social upliftment development. Actions continue to be taken to identify ways to address social development objectives such as affordable and quality housing, appropriate densification and public transport, as well as environmental sustainability measures such as green buildings, reducing energy and water usage and developing ecological corridors and indigenous carbon sinks.

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

Tongaat Hulett is continuing to evaluate its carbon and water footprint and developing new approaches to understand and deal with potential opportunities and consequences of both climate change and constrained water supplies in the future.

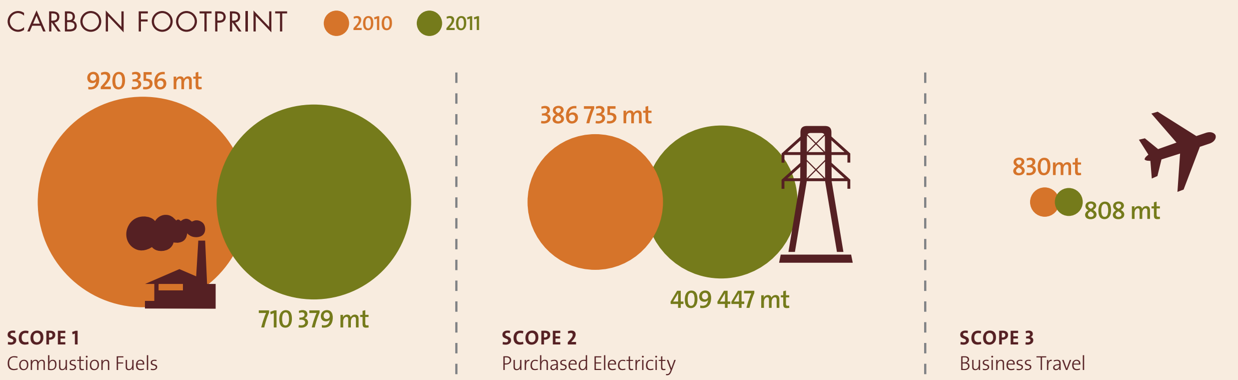
CLIMATE CHANGE, CARBON MANAGEMENT AND ENERGY

In 2010, the Department of Science and Technology released South Africa's first Risk and Vulnerability Atlas, a publication that provides a condensed overview of the map of areas sensitive and vulnerable to various kinds of risks, disasters and climate-related impacts. The company engages with the Department and uses this information to support improved strategic development in the areas of risk and vulnerability decision-making.

Tongaat Hulett participated in the Carbon Disclosure Project (CDP), an independent initiative encouraging transparency on all climate change related issues and providing details of emissions performance. As part of the CDP process Tongaat Hulett conducted its second carbon footprint analysis. The analysis was conducted according to the Greenhouse Gas Protocol, a widely used international accounting tool. Details of the company's actions are provided in the public response to the Carbon Disclosure Project (www.cdproject.net). The company tracks and monitors its greenhouse gas emissions and will continue to improve the accuracy and reporting of its greenhouse gas footprint.

Direct or Scope 1 emissions are those arising directly from owned or company controlled sources. These include, for example emissions from combustion in owned or controlled boilers, furnaces, vehicles and emissions from chemical production in owned or controlled process equipment. During the year, business operations emitted 710 379 metric tons CO_2 (Scope 1 emission). Indirect or Scope 2 emissions are those emissions from the generation of purchased electricity consumed by Tongaat Hulett. The company purchased electricity that emitted 409 447 metric tons of CO_2. Scope 3 covers all other indirect emissions that arise as a consequence of the organisation's activities. In the reporting period employees booked nearly 2 375 business trips, flying more than 4,3 million kilometres resulting in 808 metric tons CO_2 emitted from business travel.

The total CO_2 for the period under review was 1 120 634 metric tons equivalent and the turnover was R9,681 billion, which equates to 116 grams of CO_2 emitted per rand generated.



Sugar cane is a highly effective convertor of sunlight into biomass, and globally is the key raw material for a rapidly growing industry in bio-fuel and renewable electricity generation. Tongaat Hulett's mills have produced renewable electricity for the supply of power to run the mills for many years and have routinely supplied electricity into the grid albeit on a small scale. In line with global trends, the focus is now on upgrading the generation of renewable electricity using highly efficient technology to produce substantially more electrical power from the same amount of fibre, thereby increasing the quantity of renewable electricity available to the national grid.

The central sugar refinery uses coal while the starch operation uses coal and gas, to generate steam used in production processes. Electricity is either purchased or generated for use in initiating production purposes and to supply power to offices and other support services.

Tongaat Hulett is in the process of assessing the opportunities to reduce the energy and water footprints in each of its operations, starting with factory operations. The impact of the agricultural operations is still to be assessed. Provided that an enabling regulatory framework and co-generation feed-in tariff (COFIT) are in place, Tongaat Hulett will expand the operations' ability to generate electricity from bagasse, a renewable resource produced as a co-product with sugar. As an integral part of these projects, the energy efficiency of the sugar mill which supplies the fuel to the electricity generating plant is targeted to be improved by 30 percent. This energy efficiency improvement will be critical to enable full utilization of the bagasse for power generation. These projects will require substantial capital investment and are expected to take place in the mills on a phased basis.

Over the same 5-year period, Tongaat Hulett intends to establish a water efficiency improvement target for water consumption per ton of product produced. This will be done as a means of not only improving the company's water footprint, but of reducing the company's reliance on water sources that might affect local communities. It should be noted that the sugar milling operations are net producers of water, as the water which comes in with the cane is in excess of the water required to extract the sugar from the cane.

For the period to 31 March 2011, Tongaat Hulett used 418 210 MWh of electricity in all its operations and offices. It generated 322 245 MWh from its sugar mills predominantly from bagasse. In the previous reporting period ended 31 March 2010, Tongaat Hulett used 483 346 MWh of electricity and generated 360 142 MWh. Other sources of fuel that are used include coal, diesel, petrol, gas and wood.

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 recent legislative changes to air quality standards are far more stringent and present a challenge for the sugar industry as a whole and an appropriate action plan to ensure compliance with new standards has been implemented.

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, as required by the recent legislative amendments. Currently emissions levels continue to remain well within the permitted requirements and alternative steam and power technology options are being evaluated to ensure the refinery is compliant with new air quality standards.

At present, air quality is monitored on a daily basis at the refineries due to the significance of the emissions generated (sulphur dioxide (SO_2) and particulates), with all relevant stakeholders receiving access to regular performance reports, as well as an annual emissions report. To date, the refinery has not breached the emissions limits set out within air quality permits. At the mills, where emissions are of a less material concern, emissions are measured on an annual basis, and no concerns have thus far been raised.

BIODIVERSITY AND LAND MANAGEMENT

Tongaat Hulett owns over 20 000 gross hectares of land in South Africa of which 13 654 gross hectares have real potential for conversion from agriculture to alternative usages on a managed, phased basis at the appropriate time. At the same time, given the importance of agriculture, Tongaat Hulett is proactively seeking new land to rehabilitate from its current unproductive state and so fulfil its rural development objectives and increase the supply of sugar cane to its mills.

Tongaat Hulett continues to implement strategies and actions which are aimed at sustainability and the pursuit of sustainable development via the conservation of high value natural habitat, enabling of significant new socio-economic benefits for surrounding communities and facilitation of new investment and economic growth. Approximately 5 000 hectares of land will be brought under formal and sustainable conservation management as part of the transition of the agricultural land assets to new development. The primary objectives of this new conservation are around the protection, enhancement, creation and management of biodiversity for the region in a manner which adds value to the surrounding habitats and communities.

WATER

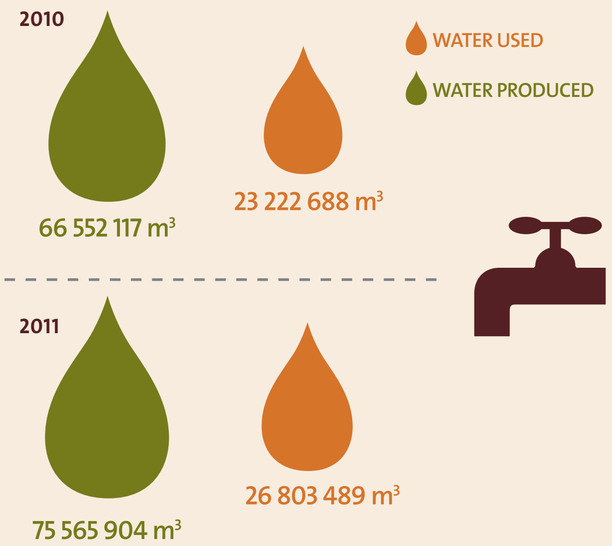
Together with climate change, the management of water resources is an area of emerging importance that will grow in prominence as societal water demand increases. Tongaat Hulett operations continue to improve the level of understanding of the company's water usage in order to ensure that this finite resource is managed in a responsible manner. The company has developed a Water Policy which documents its view on key elements including prioritising sustainable management and effective use of water resources, local water resource optimisation and protection. Tongaat Hulett acknowledges the role that initiatives such as the United Nations CEO Water Mandate have to play in ensuring the sustainability of water resources and targets to be a signatory within the next reporting period.

Tongaat Hulett's sugar operations are in various locations within the SADC region and different water techniques are applied across operations and due to the fact that the sugar cane plant comprises approximately 70 percent water, sugar mills are net producers of water. Most of the sugar cane cultivated in South Africa is dependent on natural rainfall while operations in Mozambique, Swaziland and Zimbabwe, practise large-scale irrigation 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 relevant world standards for wet milling operations. Water quality is monitored on an ongoing basis and the operation continues to identify business risks and opportunities for water access, reuse or recycling, efficient use and responsible waste water disposal.

Tongaat Hulett reported its water usage in the product manufacturing process for the period under review as 26 803 489 m^3, with a further 75 565 904 m^3 being purified at various mills and supplied to local Municipalities as potable water. This metric, reported for the second time, provides a single, aggregated overview of water demand across the company operations. The company continued its engagement with the Council for Scientific and Industrial Research (CSIR) to identify future rainfall patterns and water scarcity due to the evolving impact of climate change. In the previous year ended 31 March 2010 it used 23 222 688m^3 with a further 66 552 117m^3 sold to municipalities as potable water.

WATER PRODUCED FROM SUGAR CANE & WATER USED IN PRODUCT MANUFACTURING



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 factories, while the remaining effluent undergoes biological treatment (aerobic and anaerobic) to reduce its chemical oxygen demand to acceptable levels being discharged in accordance with the relevant environmental requirements. Water that is produced as part of the sugar milling process is used for the irrigation of sugar cane on adjacent estates and 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 to ensure compliance with the relevant specifications.

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

WASTE

Some operations have re-engineered and refined services in order to reduce waste and increase resource productivity over the past few years and these initiatives have yielded significant savings offering new revenue streams from the sale, exchange and recycling of waste products. Specific projects in the period to 31 March 2011 included the quantification of waste streams and the establishment of waste recycling programmes.

During the reporting period, 18 139 tons of general waste, 3 048 tons of scrap metal waste, 175 tons of hazardous waste and 131 469 tons of recycled waste was generated and disposed of in accordance with applicable legislation. In the previous 15-month reporting period to 31 March 2010, 26 870 tons of general waste, 2 677 tons of scrap metal waste, 19 172 tons of hazardous waste and 34 947 tons of recycled. There has been a significant decrease in hazardous waste volume due to the implementation of full scale recycling of the refinery filter cake into the agricultural sector. This material has been reclassified and approved by KZN Department of Environmental Affairs as a "by-product". This project was recognized by the Institute of Waste Management of South Africa and the refinery was awarded both the innovation and Gold award for waste management practices.

CASE STUDY

ENVIRONMENTAL STEWARDSHIP BEGINS WITH INNOVATIVE WASTE MANAGEMENT

Waste management has long been an important sustainability measure in the area surrounding the Sugar Refinery in the Durban South Basin. Having been established in 1910 to refine raw sugar into white sugar, the Tongaat Hulett Sugar Refinery uses the carbonatation process as its clarification process, with powdered lime as a key ingredient.

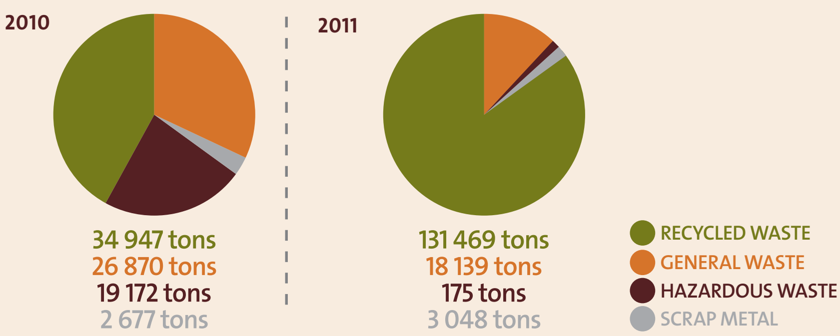
For further details: www.tongaat.co.za/2011/env_case.pdf

Recycled refinery filter cake, which is predominantly constituted of calcium carbonate, is distributed to vegetable and maize farms as a replacement for lime, which would normally have to be purchased as an input to operations. This material was previously classified as a 'hazardous material' and constituted more than 15 000 tons of waste shipped to landfills per annum. By redirecting the waste to farms, Tongaat Hulett is not only reducing the total volume of waste being shipped to landfills, but costs are reduced by having the farmers 'purchase' the filter cake material at a price set to cover the cost of transportation from the refinery to their farms.

FOOD SAFETY

Tongaat Hulett has over many decades developed a reputation as being a producer of high quality products. In order to ensure that this reputation is maintained, the company manages its maize requirements on a non-genetically modified basis using a sophisticated identity preservation system. The use of this system enables the company 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

WASTE GENERATED



food safety standards at all operations. These systems are in various stages of being certified by the South African Bureau of Standards (SABS).

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. Level 1 environmental complaints are those that are deemed 'minor" and refers to the number of times the operations activities resulted in isolated public complaints. Although a response is triggered, Level 1 complaints do not require remediation plans. Level 2 complaints refers to numbers of times the operations activities resulted in widespread public complaints or attention from media. Both a response and remediation plan is triggered in the event of a Level 2 complaint.

During the reporting period, Tongaat Hulett experienced 13 Level 1 complaints and 2 Level 2 complaints. The two Level 2 complaints were from Maidstone related to fish dying in the Tongaat River, it was alleged that the mill effluent was contaminating the river. These complaints were thoroughly investigated by mill personnel and municipal authorities. It was confirmed that the root cause of the contamination was actually sewerage overflow into the river and not mill effluent. The municipality is looking into relevant corrective action.

THIRD PARTY CERTIFICATIONS

Tongaat Hulett operations 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. Operations located in South Africa have been certified under the ISO 14001 Environmental Management Systems. Tongaat Hulett Sugar operations were audited by NOSA on the integrated star rating system. The starch operations are ISO 9001 and ISO 14001 certified and Germiston mill and Kliprivier mill met the requirements for OHSAS 18001 certification. The remaining starch operations are working towards certification. Mozambique and Zimbabwe operations have completed stage 1 of the ISO 14001 certification, with the exception of Hippo Valley Estates, which is certified. 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 safety assessments. Germiston, Kliprivier, Maidstone and Tongaat Hulett Sugar Refinery are HACCP/ISO 22 000 certified.

SOCIAL PERFORMANCE

MANAGEMENT APPROACH

Ethical integrity and social responsibility are core principles of the manner in which the company conducts its business. Tongaat Hulett views the achievements of targets in this area as central to the organisation's continued success. In light of this, executive directors' and management's annual bonuses are linked to, among other elements, the achievement of key business strategies and the company's safety targets. Performance on social dimensions continued on a positive trend, from the previous reporting period, with notable progress on all dimensions: safety, health, talent management and people development.

SAFETY

Tongaat Hulett has set as one of its key objectives, the creating of a workplace that is free from injuries and fatalities. The LTIFR for the period to 31 March 2011 was 0,10 (LTIFR 2010 0,097) and when viewed against an LTIFR of 1,27 in 2003, there has been a significant improvement in the company's safety performance. The significant improvement in the LTIFR since 2003 has been

Period	Actual 12 months to 31 December 2007		Actual 12 months to 31 December 2008		Actual 15 months to 31 March 2010		Actual 12 months to 31 March 2011		Target 12 months to 31 March 2012	
	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR
Sugar	62	0,13	53	0,10	51	0,09	42	0,08	40	0,08
Starch	9	0,66	4	0,28	4	0,27	8	0,53	5	0,66
Developments	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00
Consolidated	71	0,14	57	0,11	55	0,097	50	0,10	45	0,09

achieved through various initiatives including increased management focus on this area; training and a significant amount of spend being incurred on personnel safety carriers.

The focus of the safety programmes throughout Tongaat Hulett over the reporting period has been on identifying the highest fatality risk incidents (HFRI) or "near misses" and managing them at the same level as if they had actually resulted in a disabling injury. This approach is designed to progressively lower the risk of a fatality or injury at each operating site.

Regrettably, four fatalities occurred during the reporting period. Three of the recorded fatalities occurred at the Triangle operation in Zimbabwe. In the first incident, an irrigation operator was struck by a goods train. In the second and third incidents employees were fatally injured in motor vehicle accidents. The fourth fatality occurred at the Xinavane mill in Mozambique when an employee was killed in a motor vehicle accident.

Executive SHE committees have been established in Mozambique, South Africa, Swaziland and Zimbabwe to ensure continued management of safety, health and environmental performance throughout the company's operations. The committees meet quarterly to review progress of the Tongaat Hulett safety management programme. All operations continue to identify and re-evaluate their risks on an ongoing basis and have implemented active monitoring, measurement, control and reporting procedures.

Underpinning the Safety Improvement Plan, all operations have programmes in place related to 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 practical to mitigate any potential hazards.

Benchmarking is used to measure standards against leading best practice. Relevant information and experience is shared across all operations and the Tongaat Hulett Risk and SHE committee meetings are used as one of the vehicles to promote the implementation of leading practices and shared learning. In addition, 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. As part of its ongoing drive towards "zero harm" the company will be embarking upon a behaviour based program with a reputable expert in this complex field. The rollout of this programme is scheduled for 2011/12.

HEALTH

Operations comply with the requirements of the Occupational Health and Safety Act in South Africa, or the country equivalent for operations in Botswana, Namibia, Mozambique, Swaziland and Zimbabwe. 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. SHE audits are regularly conducted in order

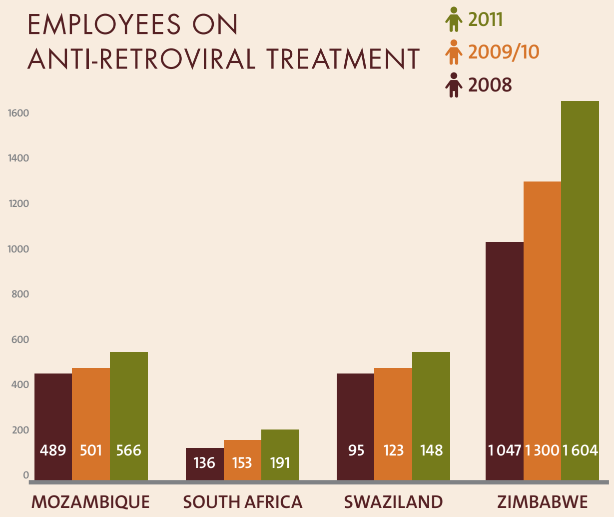
to ensure this compliance and the company is committed to exceeding the minimum requirements of legislation. Company clinics provide occupational and primary health-care programmes, and there is a high quality company hospital in Zimbabwe.

HIV AND AIDS

In recognition of its responsibility towards managing HIV and AIDS, a Board approved HIV and AIDS policy encourages training and education, voluntary counselling and testing, and ensures the fair, compassionate and non-discriminatory treatment of those who may be impacted 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 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 are offered in various operations and include healthy lifestyle education and personal health assessment, including VCT.

EMPLOYEES ON ANTI-RETROVIRAL TREATMENT



Good progress is being made with the number of employees knowing their HIV status and 86 percent of the employees in South Africa, 97 percent in Swaziland, 78 percent in Mozambique and 82 percent 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. It is targeted, that by 2012 more than 86 percent of the employees in South Africa and 78 percent of the employees in the other countries will know their status.

The company's ART programme is progressing well with 2 509 employees (191 in South Africa, 566 in Mozambique, 148 in Swaziland and 1 604 in Zimbabwe) currently receiving ART.

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 were conducted during the reporting period, building on the solid platform that has been established.

MALARIA

Malaria is still a significant health risk in the Mozambique, Swaziland and Zimbabwe operations and integrated malaria control programmes to mitigate the impact of the disease are in place at these operations. 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 the reporting period to 31 March 2011 was 800, with 367 cases reported in Mozambique and 433 in Zimbabwe. In the fifteen month reporting period to 31 March 2010 there were a total of 868 cases, with 474 cases reported in Mozambique, none in Swaziland and 394 in Zimbabwe.

TALENT MANAGEMENT AND PEOPLE DEVELOPMENT

A key requirement for achieving the strategic goals and objectives of the business is a highly skilled workforce. With the availability of skilled people, particularly in the technical and engineering disciplines, being an ongoing dynamic, there is a need to ensure an appropriate pipeline of skilled people to meet future skills requirements and for succession planning purposes. Targeted recruitment and market-related remuneration practices, coupled with effective performance and talent management, and mobility across operations play an integral part in ensuring that the organisation continues to have access to a highly skilled and competent workforce at all levels.

Training related information in respect of the South African operations for the period 1 April 2010 to 31 March 2011:

Total training spend	R28,5 million
1 percent skills levy	R8,7 million
Training spend % leviable amount	3,3% (excluding 1% skills)
Number of people days trained	12 472
Number of people days available	1 552 266
% trained people days	0,8%
Number of people trained	2 431

The capability profiles of teams and individuals are continuously being assessed against the required competencies and appropriate action is taken to address any gaps that are identified. Some of the interventions include talent management processes coupled with fast tracked development, training and development, recruitment from outside and addressing succession planning gaps by ensuring an appropriate pipeline of skilled people to meet future skills requirements.

Effective skills development practices at all levels is a priority and continues to be strengthened including supervisory, management and leadership development, learnerships, in-service training, operator training, general skills development of shop floor employees and effective coaching and mentoring processes. Competency gaps and individual training and development needs are being identified and action plans developed to address these needs. Action plans are developed to address the needs of high performing and highly talented individuals, with particular emphasis on black employees in the case of South Africa.

Action plans continue to be implemented to enhance the investment in skills upliftment and to improve the recording of all training and development expenditure related to on the job training in South Africa which contributed to an increased score on the skills development element of the B-BBEE scorecard. Expenditure in 2010/11 was 3,3 percent of payroll and it is envisaged that the investment in skills development should reach five percent of payroll by 2015.

EXISTING SKILLS

In the sugar operations, managers attend leadership and management development programmes offered by Treetops, while the starch operations have formed a partnership with the Wits Business School to address their unique requirements of management development and supervisory training respectively. In addition to formal training and development programs, there has been a further improvement in performance management, talent management and coaching and mentoring processes and these processes have now become well

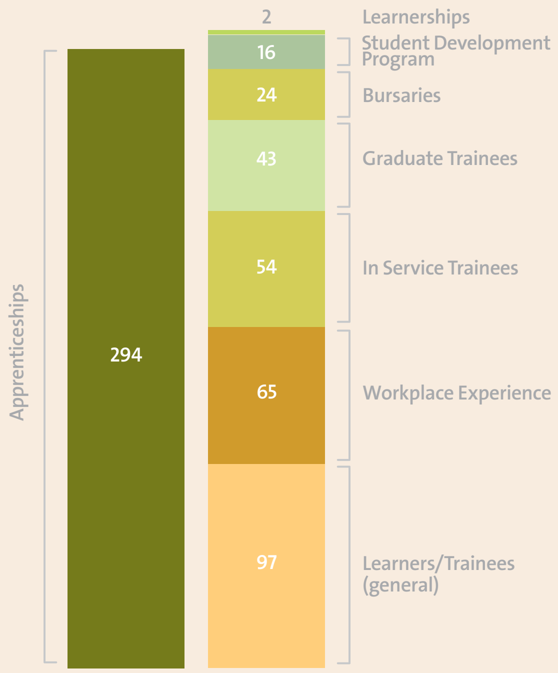
CASE STUDY

FROM TRAINEE TO FACTORY MANAGER NHLANHLA CLIVE SOJI

When Clive Soji joined Tongaat Hulett Refinery in 1993, little did he know that one day he would assume a senior management position. His career has been characterised by self-motivation and a willingness to take up opportunities for learning and improvement that were afforded to him by Tongaat Hulett.

For further details: www.tongaat.co.za/2011/talent_case.pdf

FORMAL TRAINING PROGRAMMES
ACTUAL AS AT 31 MARCH 2011



No. of employees sent on training programmes	4 389
No. of employees Company Assisted Study Aids Schemes	193
TOTAL	5 177

EXISTING SKILLS IN ALL COUNTRIES

Period	Number (as at 31 March 2011)	Average Age (as at 31 March 2011)	Number Terminated (1 April 2010 - 31 March 2011)	Number Appointed (1 April 2010 - 31 March 2011)
Degrees/Diplomas	857	40	41	36
Artisans	504	39	23	68

entrenched in most parts of the business. This includes clear roles and responsibilities, performance reviews, performance ratings, action plans to uplift performance and the implementation of the principles contained in the reward philosophy including market related remuneration and differential rewards for high achievers and outstanding performers. 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, continues to be used as one of the ways to accommodate the needs of particular employees, which contributes to the retention of talent.

Appropriate organisational transformation is encouraged to facilitate Tongaat Hulett being managed as one company across all countries where functionality is based on expertise instead of hierarchy / function and the encouragement of multiskilling and multiple relationships. This transformation includes improved region wide communication and inculcating a sense of belonging amongst all employees in all operations. Task based processes and the encouragement of 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 company commitment of employees and to assist in building Tongaat Hulett into an employer of choice.

Bursaries, scholarships, trainee programmes and learnerships continue to be sponsored by the company to assist with sourcing and developing 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.

Recruitment strategies include the use of psychometric assessments and web-based recruitment linked to Career Junction. Partnerships and relationships with education institutions continue to be 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.

EMPLOYMENT EQUITY AND INDIGENISATION

Tongaat Hulett values the dynamism that a multi-cultural human resource base brings to its business and employees in the Swaziland and Zimbabwe operations consist almost exclusively of local citizens. While slowly improving, there continues to be a shortage of suitably qualified people in Mozambique and consequently there is currently a higher number of foreign nationals employed at these operations than might be expected. Initiatives implemented to address this anomaly include a program to employ and train local citizens.

AVERAGE AGE AND LENGTH OF SERVICE (PERMANENT EMPLOYEES) AS AT 31 MARCH 2011

Level	Average Age	Average Length of Service (years)
Top Management	51	19
Senior Management	49	18
Middle Management	44	13
Skilled and Supervisory	42	13
Semi-Skilled	41	13
Unskilled	36	7
Total	38	9

LATEST EMPLOYMENT PROFILE AS AT 31 DECEMBER 2009 SUBMITTED TO THE SA DEPT OF LABOUR

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	4	0	1	14	2	1	1	0	1	0	24
Senior management	21	4	21	60	4	2	5	3	3	0	123
Professionally qualified and experienced specialists and mid-management	55	7	48	73	33	3	18	26	7	3	273
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	345	56	231	139	154	18	54	66	10	5	1 078
Semi-skilled and discretionary decision making	1 042	20	161	5	186	5	35	11	1	0	1 466
Unskilled and defined decision making	1 410	0	13	2	1 226	0	2	1	1	0	2 655
TOTAL PERMANENT	2 877	87	475	293	1 605	29	115	107	23	8	5 619
Temporary employees	135	7	6	7	67	1	0	4	1	0	228
TOTAL (SOUTH AFRICA)	3 012	94	481	300	1 672	30	115	111	24	8	5 847
Total workforce in ALL COUNTRIES as at 31 March 2011											39 314

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

The total workforce as at 31 March 2011 across all countries was 39 314 compared to a total of 40 824 the previous year (full time employees, casuals and contractors). Employee turnover (all categories including retirements, retrenchments, deaths, dismissals etc) within the South African operations was 9,3% compared to 6,9% in 2010 and 6,5 % in operations outside South Africa.

In South Africa there continues to be a need to address the imbalances of the past and 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. As at 31 March 2011, 56,4% of management and 81,5% of skilled and supervisory positions are filled by black employees. Women constitute 36,5% of the workforce across South African operations. Within the South African operations, 73,4% of the 552 graduates and diplomate employees are black, with women constituting 44,7%.

The table above reflects the employee profile of the company's South African operations as at 31 December 2009, which formed part of the Tongaat Hulett employment equity report submitted to the Department of Labour (DoL).

Employment equity plans are in place to meet the employment equity goals that have been set for December 2011. These plans include targeted recruitment and placement, coupled with talent and performance management, training and development, coaching and mentoring and managing cultural diversity. Recommendations have been received from the DoL, following their review of the Tongaat Hulett employment equity practices and action plans are in place to implement the recommendations.

The Tongaat Hulett Employment Equity Committee is chaired by the CEO and 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.

The table below reflects a year on year comparison of black employee and women representation in proportion to permanent staff at various levels as at 31 March 2011.

The overall proportion of black representation in management as at 31 March 2011 was 56,4% of permanent staff at this level, compared to 54,6% at 31 March 2010. It is envisaged that by 2012, black representation at management level (D band and above) will exceed 60,0%. Females at senior management level increased from 11,6% to 12,0%. As at 31 March 2011, the proportion of black females in top management was 16,7% which was the same as at 31 March 2010 and black females in management increased from 16,8% to 18,6 % in March 2011. There were 63 employees with disabilities as at 31 March 2011, which constituted 1% of the employee complement (62 employees with disabilities as at 31 March 2010).

	Actual as at 31 December 2008	Actual as at 31 March 2010	Actual as at 31 March 2011
Top Management who are black	38%	38%	38%
Top Management who are women	17%	17%	17%
Senior Management who are black	44%	46%	48%
Senior Management who are women	9%	12%	12%
Middle Management who are black	58%	60%	62%
Middle Management who are women	29%	30%	32%
Skilled and Supervisory who are black	78%	80%	82%
Skilled and Supervisory who are women	27%	26%	27%

HUMAN RIGHTS

South Africa is a signatory to the Universal Declaration of Human Rights, which is in turn reflected in the country's Constitution. Tongaat Hulett has incorporated human rights principles in its practises, and operates within a Code of Business Conduct and Ethics, which supports its commitment to a policy of fair dealing, honesty and integrity in the conduct of its business.

This is based on a fundamental belief that business should be conducted honestly, fairly and legally. The company expects all employees to share its commitment to high moral, ethical and legal standards.

The company has always strived to maintain a constructive relationship with unions and a climate of industrial peace has generally prevailed. There are recognition agreements with 10 different unions as at 31 March 2011 and approximately 74,3% percent of permanent employees are members of unions.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Tongaat Hulett employees have the right to freedom of association. This right is also entrenched in the company's code of ethics, business principles and policies.

Trade unions formally recognized are:

Botswana – Botswana Beverages and Allied Workers Union (BBAWU)

Mozambique – Sindicato Nacional dos Trabalhadores da Industria Do Açucar e Afins (SINTIA)

Namibia – Namibian Food and Allied Workers Union (NAFAU)

South Africa – Food and Allied Workers Union (FAWU); National Sugar and Refining and Allied Industries Employees Union (NASARAIEU); South African Agricultural Plantation and Allied Workers Union (SAAPAWU); United Association of South Africa (UASA)

Swaziland – Swaziland Agriculture and Plant Workers Union (SAPWU)

Zimbabwe – Zimbabwe Sugar Milling Industry Workers Union (ZSMIWU); Zimbabwe Hotel and Catering Workers Union (ZHCWU)

There were industrial actions that resulted in 29 days lost (24 days in SA and 5 in other countries) for the period under review. The financial cost impact was R813 702 (R803 702 in SA and R10 000 in other countries).

DISCIPLINARY PROCEDURES

The disciplinary code and procedures make provision for corrective behavior and have been drawn up in order to apply discipline in a just, equitable, non-discriminatory and consistent manner, in line with the relevant labour legislation. If any employee feels unjustly treated, they are entitled to exercise their rights in terms of the particular operations' internal appeal procedure and the relevant legislation.

Disciplinary codes and procedures have been implemented at local operations, after negotiations with the relevant trade unions.

GRIEVANCE PROCEDURES

The company's grievance procedures are intended to create an environment that is conducive to good employee relations, by facilitating prompt and fair action by the company when employees raise legitimate complaints. The intention of the grievance procedures, is to ensure that grievances are resolved as near to their point of origin as possible, and as fast as possible.

CHILD LABOUR, FORCED AND COMPULSORY LABOUR

Tongaat Hulett does not make use of child labour and does not tolerate the inhumane treatment of employees, including any form of forced labour, physical punishment or other abuse.

STAKEHOLDER ENGAGEMENT

Tongaat Hulett is accountable to a variety of stakeholders, each with varying interests and expectations. The company maintains an open dialogue with internal and external stakeholders as a basis for decision making. The objective of the company's stakeholder engagement processes is to build long-term, stable and mutually-beneficial relationships. In progressing this objective, Tongaat Hulett has identified the following key stakeholders and the various initiatives in place to communicate with each group.

Employees' expect the company to operate ethically and responsibly in a safe, respected and fairly compensated environment. It is the company's responsibility to ensure ethical and responsible management procedures are in place to protect employees, support diversity and reward performance. The company interacts with employees daily, striving to achieve a high level of engagement. Employees 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' expectations are to grow their business by supplying quality products that are desired by their customers. It is the company's responsibility to continuously improve the quality, taste and innovative features of its products at a reasonable price. Tongaat Hulett is in regular contact with its largest customers to ensure exceptional customer service levels.

Shareholders, investors and analysts expectations are to ensure sustainable and profitable long-term growth is achieved through ethical and responsible business practices. It is the company's responsibility to clearly and openly communicate its business strategy and financial results. 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. Annual and interim results presentations are held in Johannesburg, Cape Town and Durban and roadshows are undertaken to the USA and the UK 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 expectations are that the business operates in accordance with all local,

STAKEHOLDERS

Employees	Customers Suppliers Service Providers	Shareholders Funders Investors Analysts Media	Governments Regulators	Trade Unions	Local Communities

provincial and national laws and regulations. It is the company's responsibility to provide adequate resources to ensure that its facilities operate in accordance with all applicable laws and regulations. Engagement with this stakeholder grouping varies dependant on the government agency. Refer to **www.tongaat.co.za/annualreport2011/partnerships.pdf** for details on Government partnerships with Tongaat Hulett.

Managers in all company operations interact with trade unions on relevant employment issues with collective bargaining taking place on a need to have basis. 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.

ECONOMIC SUSTAINABILITY

MANAGEMENT APPROACH

The company's continuing financial resilience depends, among other factors, on its ability to focus on sustainable B-BBEE 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 uses its expertise to harness these resources, creating prosperity for its stakeholders.

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 (B-BBEE) 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.

Tongaat Hulett established the Employee Share Ownership Plan (ESOP) and Management Share Ownership Plan (MSOP) schemes for the benefit of all South African black

B-BBEE Scorecard	Score		
Element	2008	2009/10	2011
Equity Ownership	19,05%	21,59%	18,16%
Management & Control	7,83%	7,80%	8,43%
Employment Equity	9,78%	10,18%	11,54%
Skills Development	4,39%	5,96%	10,19%
Preferential Procurement	9,33%	12,70%	18,17%
Enterprise Development	15,00%	15,00%	15,00%
Socio Economic Development	5,00%	5,00%	5,00%
Total	**70,38%**	**78,23%**	**86,49%**
BEE Level Rating	**4**	**3**	**2**

employees and senior black management respectively, effectively placing a collective interest of 7 percent 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 entrench an ownership culture within the greater Tongaat Hulett workforce.

The introduction of B-BBEE equity participation in 2007, included an 18 percent participation by two B-BBEE 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 fourth B-BBEE rating audit by AQRate was conducted in 2010 with Tongaat Hulett being categorised as a Level


AQRate

Two Contributor, with an overall score of 86,49 percent compared to the previous year's score of 78,23 percent. This means that entities purchasing from Tongaat Hulett may recognise 125 percent 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 highlights of the accreditation are the improved scoring in preferential procurement, skills development, employment equity and management and control elements. Management will continue to work towards maintaining this level of performance. Tongaat Hulett believes that B-BBEE is essential to the sustainability of its South African operations, as well as the prosperity of South Africa and its people.

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

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.

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.

Tongaat Hulett is committed to supporting suppliers and to improve their empowerment credentials and introducing Small Medium Enterprises (SME's), black-owned and black women-owned suppliers to the business. The preferential procurement score has improved dramatically (12,70 to 18,17) due to focussed efforts by the business to support verification processes.

In respect of the Procurement Scorecard for Tongaat Hulett and based on the period ending 31 March 2010 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 R5,987 billion, BEE procurement spend from all suppliers based on BEE procurement recognition levels as a percentage of total measured spend was R3,165 billion (52,87 percent).

Spend with companies which are more than 50 percent black owned totalled R197 million, whilst spend with QSE's or EME's totalled R1,028 billion. The spend with companies which are more than 30 percent owned by black women was R81 million.

ENTERPRISE DEVELOPMENT AND TRANSFORMATION IN AGRICULTURE

Tongaat Hulett acknowledges the role that in can play in developing successful rural communities and therefore regards Enterprise Development as an imperative to a sustainable future. Recognised as being one of the keys to poverty alleviation through the development of sustainable businesses that create job opportunities, the company has developed small and medium sized businesses by providing finance and support services that would assist these entities in becoming more competitive and overcoming the constraints to growth.

One of the examples is the partnership of Tongaat Hulett and KZN Department of Economic Development and Tourism (KZN DED&T). In the 2009/2010 planting season operation Vuselela was initiated with the ultimate goal of planting 3 534 hectares of cane by the end of the first three year period. More than 2 500 small medium sugar cane growers, who were previously unemployed, will be established. These new sugar cane growers will employ at least 726 permanent and more than 6 000 seasonal employees through the project over a ten year period.

KZN DED&T has already contributed R51,8 million and Tongaat Hulett's cash contribution is R12,4 million as well as an indirect contribution in excess of R20 million in the form of technical, managerial and logistical support over a three year period.

The starch operation continues to be involved in the Ithuba Farming Project for the development of commercial black maize farmers. The project now encompasses three farms and 27 farmers from previously disadvantaged backgrounds. In addition to the small training farm at the Kliprivier plant, the project has now leased and equipped 2 large maize farms in the Balfour area in Mpumalanga from the Department of Rural Development and Land Reform.

SOCIO-ECONOMIC DEVELOPMENT

Tongaat Hulett recognises that Socio-Economic Development is an integral part of the way in which the company does business. This is relevant of the context of an organisation that is a significant employer at operations based in Mozambique, Swaziland and Zimbabwe, where there is an expectation that organisations need to positively contribute to the communities that surround their operations. The company's Socio-Economic Development (SED) initiatives are aimed at building and enhancing the quality of life of people, with emphasis on previously disadvantaged communities within which the company operates. A well-entrenched SED policy exists within the company, with guiding principles on key focus areas for social responsibility activities. SED spend is mainly directed at education, health, skills upliftment and the welfare of the communities that surround its operations.

VALUE ADDED ANALYSIS

FOR THE YEAR ENDED 31 MARCH 2011

Rmillion	12 months to 31 March 2011	15 months to 31 March 2010
Revenue	9 681	11 136
Bought-in materials and services	(6 519)	(7 453)
VALUE ADDED BY OPERATIONS	3 162	3 683
Dividends and other income	570	212
Capital profit on land	23	52
Capital profit on other fixed assets	4	13
TOTAL VALUE ADDED	3 759	3 960
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	1 753	1 648
TO PAY PROVIDERS OF CAPITAL	682	772
Interest on borrowings	484	489
Distributions to shareholders	198	283
TAX	261	208
RE-INVESTED IN BUSINESS	1 063	1 332
Depreciation	344	521
Retained earnings after distribution to shareholders	719	811
TOTAL VALUE DISTRIBUTED	3 759	3 960

The BEE IFRS 2 charge and transaction costs and the Zimbabwe consolidation take-on gain have been excluded from this schedule.

The reporting period highlighted the significant contribution that Tongaat Hulett makes to the welfare of its employees and the communities surrounding the operations in Zimbabwe, Swaziland and Mozambique and consequently some 80% of its total spend was incurred in these operations.

During the reporting period R52,2 million was spent on health and welfare activities which include costs associated with 2 company hospitals at its Hippo Valley and Triangle Estate in Zimbabwe. These hospitals provide both preventative and curative health services to the surrounding communities and on average some 200 000 patients are seen on an annual basis. In many communities that surround company operations, environmental health programmes to reduce the incidence of malaria and bilharzia through routine scouting and spraying programmes were undertaken and the organisation continues to ensure that refuse collection in these communities is carried out.

Numerous schools are located in and around the operations and some R5,7 million was spent on education which included costs for repairs to schools, stationary

and education support. In the Zimbabwe operations 19 schools benefit from the educational support provided by the organisation.

In addition to the donation of funds to worthy projects, expertise is made available by company management to guide community projects. Where appropriate, SED 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 total SED spend for the year end 31 March 2011 including the cost of company sponsored occupational and primary health care services was R75,6 million. This was above the company's commitment to allocate one percent of annual headline earnings to SED on a company wide basis annually.

REQUEST FOR FEEDBACK

Tongaat Hulett would like to receive feedback from all stakeholders regarding their views about the Sustainability element of this integrated annual report.

PLEASE CONTACT US:

Corporate Affairs
Tongaat Hulett
PO Box 3, Tongaat, 4400
South Africa

Telephone: +27 32 439 4114
Email: sustainability@tongaat.com

GRI INDEX

For detailed Global Reporting Initiative G3 sustainability reporting indicators:

Refer to **www.tongaat.co.za/annualreport2011/gri.pdf**

INDEPENDENT ASSURANCE STATEMENT

TO THE BOARD AND STAKEHOLDERS OF TONGAAT HULETT:

SustainabilityServices.co.za (SS) was commissioned by Tongaat Hulett to provide independent third party assurance (ITPA) over the sustainability content within the Sustainability section of their 2011 Integrated Annual Report (the 'Report', covering the period 1 April 2010 to 31 March 2011). The assurance team comprised primarily of Michael H. Rea, our principal Sustainability Assurance Practitioner, with 12 years' experience in environmental and social performance measurement, including sustainability reporting and assurance.

ACCOUNTABILITY AA1000S (REVISED, 2008)

To the best of our ability and significant experience in sustainability report assurance, this engagement has been managed in accordance with AccountAbility's AA1000AS (2008) assurance standard, where the format of the engagement was structured to meet the AA1000AS Type I (Moderate) requirements.

INDEPENDENCE

Previously, SS assisted Tongaat Hulett with the provision of ITPA over their 2010 Annual Report, but has not undertaken any other commissions that would conflict with our independence, nor has SS been responsible for the preparation of any part of this Report. Responsibility for producing this report was the responsibility of Tongaat Hulett. Thus SS is, and remains, an independent assurer over the content and processes pertaining to this report.

ASSURANCE OBJECTIVES

The objective of the assurance process was to provide Tongaat Hulett's stakeholders an independent 'moderate level assurance' opinion on whether the sustainability content within the Sustainability section of Tongaat Hulett's Report, in its printed format, meets the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness, as well as to assess the degree to which the Report has met the Global Reporting Initiative (GRI) G3 guidelines Application Level B reporting requirements.

ASSURANCE APPROACH AND LIMITATIONS

The process used in arriving at this assurance statement is based on AccountAbility's AA1000AS (2008) guidance, the GRI's G3 Application Level requirements, as well as other best practices in sustainability reporting assurance. Our approach to assurance included the following:

- A review of sustainability measurement and reporting procedures at Tongaat Hulett's corporate offices to determine the context and content of sustainability management by the company;
- A review of the information and/or data collection, collation and reporting procedures undertaken by Tongaat Hulett, to define the content of the Report by looking at the materiality of issues included in the Report, determination of sustainability context and coverage of material issues;.
- A review of Board and Committee meeting minutes, as well as media reports, to assess the accuracy and/or completeness of Tongaat Hulett's materiality assertions;
- A review of the approach of management to addressing topics discussed in the Report;
- A review of drafts of the Report for any significant errors, anomalies and/or potentially unsupportable assertions; and,
- A GRI G3 Gap Analysis assessment to determine whether the requisite numbers of profile and performance indicators were reasonably covered within the Report.

The process was limited to the content and assertions made within the Sustainability section of Tongaat Hulett's printed Report for the period under review, and did not extend to a comprehensive analysis of the accuracy, reliability, completeness and/or consistency of the data presented by Tongaat Hulett, in the Report. Rather, sustainability data presented within the Report was subjected to a series of reasonability tests during final proof editing. The process was further limited to reviewing policies and procedures for stakeholder engagements, and did not extend to the physical engagement of any stakeholders to arrive at our assurance opinion.

FINDINGS

Based on our review of the Report, as well as the processes employed to collect and collate information reported herein, it is our assertion that:

- Tongaat Hulett adequately adheres to the Accountability principles of Inclusivity, Materiality and Responsiveness, although room for improvement exists with respect to both proactive stakeholder engagement (i.e., Inclusivity) and feedback on stakeholder-specific concerns (i.e., Responsiveness).
- Although significant progress has been made with respect to the monitoring, measurement and reporting of key sustainability performance indicator data over the reporting period, the lack of adequate comparable data – in some areas – serves to reinforce the need to ensure that Tongaat Hulett continues to improve systems, processes and controls for data collection, collation and reporting.
- The Report adequately meets the GRI G3's requirements for Application Level B (responses to all required indicators disclosures on management approach, as well as no fewer than 20 Core indicators, with at least one from each of Economic, Environment, Human Rights, Labour, Society and Product Responsibility). However, it should be noted that some indicators were only covered in the GRI Content Index Table, rather than within the body of the Annual Report. Moreover, it was found that the reporting of performance against some GRI G3 indicators continues to require either data quality improvements, or further detail in disclosure. These gaps are clearly identified with the GRI Content Index Table.

CONCLUSIONS AND RECOMMENDATIONS

Based on the information reviewed, SustainabilityServices.co.za is confident that this report provides a reasonably comprehensive and balanced account of Tongaat Hulett's environmental, safety and social performance for the period under review. The information presented is based on a systematic process and we are satisfied that the content of the Report adequately represents Tongaat Hulett's adherence to the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness. Moreover, and although the quality or quantity of data of some GRI G3 indicators can be improved, this Report appears to meet the GRI G3's requirements for Application Level B (B+ with this assurance engagement).

The following recommendations have however been identified:

- With respect to adherence to AccountAbility's principle of Inclusivity, Tongaat Hulett should ensure that stakeholder engagement continues to progress towards the active inclusion of all significant stakeholders, and that systems and controls formally consolidate stakeholder concerns for consideration at the relevant management and/or board levels. With specific reference to sustainability matters, Tongaat Hulett should ensure that the proactive engagement of stakeholders occurs to confirm or refute the company's assumptions regarding the materiality of key sustainability issues.
- With respect to adherence to AccountAbility's principle of Responsiveness, Tongaat Hulett should continue to ensure that feedback to stakeholders on sustainability matters occurs in line with King III's recommendations for 'Integrated Reporting', such that all presentations of results – including interim results – include a reasonable discourse regarding Tongaat Hulett's most material sustainability issues.
- Having been subjected to two consecutive AA1000AS Type I (Moderate) assurance cycles, and noting that the company has made significant strides in improving systems for collecting, collating and reporting key performance indicator data over the past two years, Tongaat Hulett should consider undergoing a Type II (Moderate) assurance process for the 2012 Annual Report, including the quality testing of data for no fewer than 10 key sustainability performance indicators.

For more information about the assurance process employed to assess the Sustainability section within the Report, email michael@csap.co.za.

SustainabilityServices.co.za
Durban
8 June 2011

SustainabilityServices.co.za

CORPORATE GOVERNANCE

Tongaat Hulett has a long-standing commitment to sound and effective corporate governance practices and ethical leadership in all its business activities, and recognises the inextricable link between effective governance and sustainable organisational performance.

Tongaat Hulett applies the principles as contained in The King Report on Governance for South Africa and the King Code on Governance Principles 2009 (King III), and the recommendations relevant to its business.

Throughout the current year, as part of its ongoing commitment to achieve corporate discipline, sustainability and good corporate citizenship, Tongaat Hulett completely re-evaluated its compliance with corporate governance principles and implemented relevant changes and improvements, including the review of the effectiveness of the Board's governance structures and the company's Corporate Governance Manual. This was done to align Tongaat Hulett's already well-established practices with its codified policies and procedures. This resulted in some key changes being made to the committees of the Board and various elements of the Corporate Governance Manual, which include the Board Charter, Terms of Reference of Board committees and the company's Code of Business Conduct and Ethics, being updated in line with King III recommendations and terminology.

The Corporate Governance Manual, which includes the company's established policies and practices on matters such as safety, health and environment, the solidarity with surrounding communities on socio-economic development initiatives and programmes on successful rural living, broad based black economic empowerment transactions and a commitment to employment equity, together reflect and reinforce the governance framework upon which Tongaat Hulett's sustainable business is anchored.

This corporate governance report depicts Tongaat Hulett's commitment to effective corporate governance and adherence to King III, the Companies Act, the related Listings Requirements of the JSE Limited (JSE) and other pertinent statutes and regulatory requirements guiding the Board's conduct throughout the period under review.

BOARD OF DIRECTORS

The Board has an approved 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 interests of shareholders and other stakeholders, whilst reflecting a demonstrable concern for sustainability as a business opportunity that guides strategy formulation. The various communities and the environment within which the company operates have continued to benefit from this insight. The Board Charter regulates and addresses inter alia, the role of the Board as the custodian of corporate governance, the fiduciary duties and responsibilities of the Board and individual directors toward the company, the approval of strategy and policies, the governance of risk management and succession planning.

Tongaat Hulett has a unitary Board structure, which at 31 March 2011 comprised ten 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 judgment to Board deliberations and decisions, with no one individual or group having unfettered powers of decision-making. A full list of the directors with brief biographies is given on pages 53 to 55 of the integrated annual report.

The roles of the independent Non-Executive Chairman, J B Magwaza, and the Chief Executive Officer, P H Staude, are separate with a clear division of responsibilities.

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.

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 (AGM) after a director attains the age of seventy years. Directors retiring by rotation who avail themselves may be re-elected at the AGM at which they retire. New directors may only hold office until the next AGM, at which they will be required to retire and offer themselves for re-election.

At the next AGM, B G Dunlop, F Jakoet, N Mjoli-Mncube and M H Munro will retire by rotation and seek re-election as directors. R H J Stevens will retire, having reached the mandatory retirement age.

There are no term contracts of service between any of the directors and the company or any of its operations.

On appointment, new directors have the benefit of induction activities aimed at broadening their understanding of the company and markets within which it operates. The Company Secretary ensures that directors receive accurate, timely and clear information. The Chief Executive Officer provides directors with appropriate information on business performance and strategic objectives. This, together with business reports of prior Board and committee meetings, and discussions with heads of operations, provides directors with sufficient background of the company's operating dynamics. Directors are also encouraged to update their skills, knowledge and experience through participation in relevant programmes as deemed appropriate from time to time.

The formal self-evaluation processes of the Board and its committees, the assessment of the Chairman's performance by the Board and the assessment of the performance of individual directors by the Chairman, which are conducted annually, are an important element of the Board's activities to review and improve its performance continually. During the period under review, this evaluation process included assessing the independence of non-executive directors as envisaged in the King III code. Of the ten non-executive directors, eight are considered independent, whilst two are not considered independent by virtue of their participation in the company's black economic empowerment equity structure. In arriving at this conclusion, consideration is given amongst others, to whether the individual non-executive directors are sufficiently independent of the company so as to effectively carry out their responsibilities as directors, that they are independent in judgment and character, and that there are no instances of conflicts of interest in the form of contracts, relationships, share options, length of service or related party disclosures that could appear to affect independence. The outcome of the Board evaluation process has been positive and an ongoing element of this process and succession planning is the assessment of skills mix, knowledge, expertise and the value added to the Board for the benefit of the business. The assessment of the independence of directors serving on the Board for a period longer than nine years will also be addressed.

The Board meets at least five times a year, with special or additional meetings convened as circumstances dictate. Comprehensive 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 relevant information and to the advice and services of the Company Secretary, M A C Mahlari. Independent professional advice is available to directors in appropriate circumstances at the company's expense.

The attendance record of directors for the period under review is reflected in the table below.

Attendance of directors at Board meetings for the year ended 31 March 2011

Director	Board	
	A	B
JB Magwaza (Chairman)	5	5
P H Staude (CEO)	5	5
B G Dunlop	5	5
F Jakoet	5	5
J John	5	4
R P Kupara	5	5
T V Maphai[1]	4	1
M Mia	5	5
TN Mgoduso	5	4
N Mjoli-Mncube	5	4
M H Munro	5	5
A A Maleiane	5	5
T H Nyasulu[2]	1	1
C B Sibisi	5	5
R J H Stevens	5	4

A: Indicates the number of meetings held during the year while the director was a member of the Board
B: Indicates the number of meetings attended during the year while the director was a member of the Board
1: Resigned from the Board with effect from 8 March 2011
2: Resigned from the Board with effect from 27 July 2010 (AGM)

BOARD COMMITTEE STRUCTURES AND RESPONSIBILITY

In accordance with the Board Charter, the Board has reserved certain matters for its exclusive mandate and has approved and delegated authority for specific matters to various committees, all of which have formal terms of reference. Through transparency, disclosure, review and regular reporting by the committees, the Board is able to receive assurance that, inter alia, key risk areas, operational, financial and non-financial aspects relevant to the company's various businesses are monitored. The formal terms of reference and the delegated authority regarding each committee are set out in the Corporate Governance Manual, and are summarised as set out below.

Audit and Compliance Committee

The Audit and Compliance Committee is constituted as a statutory committee of Tongaat Hulett in respect of its statutory duties in terms of the companies Act, 2008 as amended, and as a committee of the Board in respect of all additional duties assigned to it by the Board. The committee was appointed by the Board and comprises four non-executive directors of the company, all of whom are independent and possess the necessary skills, knowledge and expertise to direct the committee constructively in the execution of its responsibilities.

In accordance with the provisions of the Companies Act 2008 as amended, shareholders will be required to elect members of the Audit and Compliance Committee at the next AGM to be held on 29 July 2011, and annually thereafter. The current members are J John (Chairman), F Jakoet, M Mia and R P Kupara who was appointed to the committee on 10 March 2011. The Chief Executive Officer, P H Staude, the Chief Financial Officer, M H Munro, the Chief Audit Executive M M Jean-Louis and representatives of the internal and external auditors attend by invitation. The Company Secretary, M A C Mahlari, is the secretary for this committee. The committee meets at least three times a year.

The Audit and Compliance Committee's terms of reference, which have been updated in line with King III and the Companies Act and approved by the Board, include the overall objective of the committee to assist the Board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems and controls, the assessment of going concern status, ensuring that pertinent compliance and relevant risk management processes are in place, reviewing the work performed by the external auditors and the internal audit function, and to review interim financial information and annual financial statements which are provided to shareholders and other key stakeholders. The Audit and Compliance Committee has concluded that it will not prepare a summarised integrated report in addition to the complete report as the company's integrated report in its current format is deemed to be adequate, particularly as the process of refining the integrated report continues to evolve.

The committee provides a forum through which the external and internal auditors report to the Board. It is responsible for the 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 controls 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 the previous review cycle, 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 review process is due to be completed again in the 2012/13 financial year.

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 of addressing the committee and its Chairman at each of the meetings without management being present.

The Audit and Compliance Committee determines the purpose, authority and responsibility of the internal audit function in the Internal Audit Charter, which has been updated in line with King III terminology and 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, the working relationship with the Chief Audit Executive and the fact that the internal auditors have unrestricted company wide access to all functions, records, property and personnel. The committee also reviews the scope and coverage of the internal audit function. While the internal audit function has been outsourced to a professional firm of registered accountants and auditors, co-ordinated by the Chief Audit Executive, 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.

The committee is also responsible for ensuring that the combined assurance model espoused in King III is applied to provide a coordinated approach to all assurance activities. Tongaat Hulett has adopted a Combined Assurance Strategy and Plan that provides a framework for the various assurance providers to provide assurance to the Board, through the Audit & Compliance and Risk & SHE Committees, that all significant risks facing the company are adequately managed and that assurance activities are integrated and coordinated in the most efficient and proficient manner. The Combined Assurance Strategy and Plan is discussed further on page 48 in the Risk Management Process section of the integrated annual report.

The committee's focus on 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. The Board approved a compliance policy which confirms and firmly entrenches Tongaat Hulett's commitment, through the combined efforts of various role players, to implement controls and processes to manage regulatory compliance across all operations. Management continuously assesses and reviews statutory and regulatory requirements and risks, and identifies appropriate processes and interventions to enhance compliance with applicable legislation. No material infractions have come to management's attention during period under review that indicate non-compliance with pertinent legislation and codes of good practice.

Each major operational area has its own audit and compliance meeting processes which subscribe to the same company audit philosophies and reports and leads to the Tongaat Hulett Audit and Compliance Committee.

The Audit and Compliance Committee is pleased to report as follows for the financial year ended 31 March 2011:

1. Audit and Compliance Committee Terms of Reference

The Audit and Compliance Committee has adopted and operates within formal terms of reference that have been approved by the Board of directors. The committee confirms that for the period under review, it discharged its duties and responsibilities in accordance with the terms of reference. The summary of the role of the committee is as recorded on page 44 of the integrated annual report.

2. Statutory Duties

The committee confirms that it performed the following statutory duties as required by the Companies Act and in accordance with its terms of reference:

- Nominated for appointment as external auditor of the company at the AGM, Deloitte and Touche, a registered auditor accredited to appear on the JSE List of Accredited Auditors who, in the opinion of the committee is independent of the company, and Mr Wentzel Moodley as the designated auditor, for the 2011/12 financial year;
- Determined the fees to be paid to the external auditor and agreed to the terms of their engagement and audit plan in consultation with executive management;
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors, including consideration of criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors;
- Determined the nature and extent of any non-audit services that the auditor may provide to the company;
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the company.

The committee did not receive any concerns or complaints relating to the accounting practices and internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company or any other related matter during the period under review.

3. Duties assigned by the Board

During the period under review, the committee performed its duties and responsibilities assigned to it by the Board in accordance with the terms of reference and specifically reviewed the financial statements and was satisfied that they comply with International Financial Reporting Standards. The committee reviewed the assessment by management of the going-concern statement of the company and concluded to the Board that the company will be a going concern in the foreseeable future. The committee complied with its legal, regulatory and other responsibilities.

4. Expertise and Experience of Financial Director

The committee considered the expertise and experience of the Tongaat Hulett financial director in terms of the Listing Requirements of the JSE and has satisfied itself that the financial director's expertise and experience meet the appropriate requirements.

5. Internal Audit

- The committee has considered and recommended the internal audit charter for approval by the Board. The work performed by internal audit was in accordance with the internal audit plan for the year ended 31 March 2011 and included the review of general and application computer controls on the systems used for financial reporting purposes. In addition, the committee approved internal audit's coverage and work plan for the financial year commencing 1 April 2011.
- The Chief Audit Executive has direct access to the committee primarily through the Chairman of the committee. During the period under review, the Chief Audit Executive had the opportunity to address the committee without the executive management of the company present.
- Tongaat Hulett's internal audit function, which is supported by its internal audit service provider, KPMG, has as part of its mandate, performed a review of the effectiveness of the company's internal control environment, including its internal financial controls, and the effectiveness of its risk management process. Based on the results of these reviews, the internal audit function has confirmed to the Audit and Compliance and Risk & SHE Committees and the Board that no evidence came to light that the internal control environment and risk management process for the company was ineffective. In addition, nothing indicated a material weakness in internal financial controls, whether from design, implementation or operation (individually or in combination with other weaknesses).

The Audit and Compliance Committee is of the view, based on the representations made by the internal audit, that the internal financial controls in place for the company were not ineffective during the period under review.

6. Sustainability and Governance Reporting

The committee has considered the sustainability and governance information as disclosed in the company's integrated annual report to ensure its reliability and consistency with the annual financial statements. The committee also considered the various reports of the external assurance service providers.

7. Approval of Integrated Annual Report

The committee, taking into account the combined assurance model adopted by Tongaat Hulett, recommended the integrated annual report for approval by the Board of directors.

8. Attendance

The Audit and Compliance Committee had three meetings during the period under review. The record of attendance is contained in the table below.

Attendance of directors at the Audit and Compliance Committee meetings for the year ended 31 March 2011

Director	Audit and Compliance Committee	
	A	B
J John (Chairman) Year appointed: 2007	3	3
F Jakoet Year appointed: 2009	3	3
RP Kupara[1] Year appointed: 2011	-	-
M Mia Year appointed: 1998	3	3

A: Indicates the number of meetings held during the year while the director was a member of the committee

B: Indicates the number of meetings attended during the year while the director was a member of the committee

1: Appointed to the Audit and Compliance Committee with effect from 10 March 2011

(The brief biographies of the members are given on pages 53 to 54 of the integrated annual report)

Risk and Safety, Health & Environment Committee

During 2010, the Board assessed how best to position risk governance and review within the existing structure of Tongaat Hulett's various committees, as part of the Board's ongoing review of its effectiveness and that of its committees. The Board considered the recommendations of King III in this regard, and concluded that although the company's risk management processes are in place and mature, it was more appropriate to assign this responsibility to a Board committee instead of a management committee, as was previously the case, given the added emphasis King III places on Board leadership in dealing with the governance of risk. After due consideration, this responsibility was assigned to a Board committee, and thus the Risk and Safety, Health & Environment (SHE) Committee was formed.

The Risk and SHE Committee assists the Board to fulfill its risk governance and SHE objectives by ensuring, amongst others, that the company has implemented effective policies and plans for risk management and safety, health and environment that enhance the company's ability to achieve its strategic objectives. The committee also ensures that disclosures and communication between the Board and the Audit and Compliance Committee regarding risk management processes and activities pertaining to safety, health and environment are comprehensive and adequately facilitated. Whilst the committee has specific duties relating to risk governance, the role of the Audit and Compliance Committee was retained in terms of some aspects of risk management, including financial reporting risks, internal financial controls and fraud, and IT risks relating to financial reporting. Other duties of the committee include overseeing the performance of the company against its set safety, health and environment targets and objectives, and considering reports relating to substantive SHE risks and liabilities that could potentially face the company.

The Risk and SHE Committee, comprising non-executive and executive directors, is chaired by an independent non-executive director, and meets at least twice a year. Its members are N Mjoli-Mncube (Chairman), P H Staude (CEO), F Jakoet, T Mgoduso, C B Sibisi and M H Munro (in his capacity as Chief Risk Officer). Several members of the executive and other senior managers of the company attend this meeting by invitation. M A C Mahlari is the secretary.

The Risk and SHE Committee had two meetings during the period under review. The record of attendance is contained in the table below.

Attendance of directors at the Risk and SHE Committee meetings for the year ended 31 March 2011

Director	Risk & SHE Committee[1]	
	A	B
N Mjoli-Mncube (Chairman)	2	2
P H Staude (CEO)	2	2
F Jakoet	2	2
T Mgoduso[2]	1	1
M H Munro[2]	1	1
C B Sibisi	2	2

A: Indicates the number of meetings held during the year while the director was a member of the committee

B: Indicates the number of meetings attended during the year while the director was a member of the committee

1: During the period under review, there was one SHE Committee meeting and one newly constituted Risk & SHE Committee meeting.

2: Appointed to the Risk & SHE Committee with effect from 12 November 2010.

Risk Management Process

While the Board is ultimately responsible for risk management, company management has designed and implemented a risk management framework and has committed the company to a process of risk management that is aligned to King III and to the company's corporate governance responsibilities. This commitment is reflected in management's continued attention to the importance of effective risk management in ensuring that business objectives and strategies are met and that continued, sustained growth and profitability is achieved. The framework, which incorporates the risk management policy, strategy and plan, aims to ensure that risk management processes are embedded in critical business activities and functions, and that risks are undertaken in an informed manner and pro-actively managed in accordance with the business risk appetite. This includes identifying and taking advantage of opportunities as well as protecting intellectual capital and assets by mitigating adverse impacts of risk.

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, describe and 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 executive level. Risks and mitigating actions are given relevant visibility at various appropriate forums throughout the organisation.

Tongaat Hulett has documented its approach towards Information and Communication Technology (ICT) in various documents such as the ICT governance framework (including the company's policy and charter), disaster recovery plans, business continuity plans, acceptable use policy and a record of the approach to the protection and control of ICT documentation. The IT systems and application controls in the multiple computer systems in the various operations are, inter alia, subject to internal audit processes on an ongoing basis, integral to the audit of the overall control environment.

The current business environment is recognised as having many changing and challenging elements, particularly in the context of the volatile global economy and specific localised dynamics. Most of Tongaat Hulett's business platforms and operational areas are not considered to be in a static, steady state. Consequently, rather than relying purely on periodic reviews, there is a continued and increasing adoption of a project management approach and use of project management skills in various management processes, including risk management. The ongoing, routine risk management processes are thus coupled with change management and specific, task based, project driven risk management initiatives.

Company-wide systems of internal control exist in all key operations to manage and mitigate risks and a Combined Assurance Strategy and Plan has been implemented to further enhance the co-ordination of assurance activities. Tongaat Hulett's Combined Assurance Plan provides a framework for the various assurance providers to work together to provide assurance to the Board, through the Audit & Compliance and Risk & SHE Committees, that all significant risks are adequately managed. The plan consists of three layers of defence, being management, functional oversight and independent assurance providers, wherein the assurance on the risk management and related controls for the company is reported.

Appropriate business continuity 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.

The Tongaat Hulett internal audit function, which is supported by its internal audit service provider, KPMG, has performed a review of the effectiveness of the company's internal control environment, including its internal financial controls, and the effectiveness of its risk management process. The evaluation of the company's risk management processes included a review undertaken by KPMG. It noted Tongaat Hulett's positioning, for the review period, on the KPMG Risk Maturity Continuum as "Mature" out of a possible range of "basic – mature – advanced". Consequently, the company's internal audit function has provided independent assurance to the Audit and Compliance and Risk & SHE Committees and the Board on the effectiveness of its risk management processes.

For the period to 31 March 2011, the Tongaat Hulett Board, assisted by the abovementioned committees, is of the view that the internal control environment and the risk management processes in place for the company are effective.

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), J B Magwaza and N Mjoli-Mncube. P H Staude attends by invitation and M A C Mahlari 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 management incentive schemes. Rewards are linked to both individual performance and the performance of the company. From time to time, independent external studies and comparisons are used to ensure that compensation is market related. As a general principle, good performers are remunerated in line with the market median, with high achievers and exceptional performers being rewarded towards the market upper quartile.

The Remuneration Committee had two meetings during the period under review. The record of attendance is contained in the table below.

Attendance of directors at the Remuneration Committee meetings for the year ended 31 March 2011

Director	Remuneration Committee	
	A	B
M Mia (Chairman)	2	2
J B Magwaza	2	2
N Mjoli-Mncube	2	2

A: Indicates the number of meetings held during the year while the director was a member of the committee
B: Indicates the number of meetings attended during the year while the director was a member of the committee

Nomination Committee

The Nomination Committee, which comprises only non-executive directors, all of whom are independent, is chaired by an independent non-executive director and meets as required. Its members are M Mia (Chairman), J B Magwaza and N Mjoli-Mncube. P H Staude attends by invitation and M A C Mahlari 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.

The Nomination Committee had two meetings during the period under review. The record of attendance is contained in the table below.

Attendance of directors at the Nomination Committee meetings for the year ended 31 March 2011

Director	Nomination Committee	
	A	B
M Mia (Chairman)	2	2
J B Magwaza	2	2
N Mjoli-Mncube	2	2

A: Indicates the number of meetings held during the year while the director was a member of the committee

B: Indicates the number of meetings attended during the year while the director was a member of the committee

Appropriate consideration is currently being given by the Board towards the establishment of a Social and Ethics Committee as required by the Companies Act 2008 as amended.

MANAGEMENT COMMITTEES

Executive Management Committee

The Executive Management Committee consists of senior Tongaat Hulett executives and deliberates on matters of strategy, budget and business planning and the effective operation of the business. It provides 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, G Macpherson, V C Macu, M A C Mahlari, M N Mohale, S D Mtsambiwa, M H Munro, S J Saunders and M Serfontein. The Company Secretary, M A C Mahlari is the secretary of this committee.

Employment Equity Committee

The Employment Equity Committee, chaired by the CEO, consists of senior Tongaat Hulett executives and managers. It monitors and reviews progress throughout the company on all employment equity related matters including implementation of policy and required programmes, whilst ensuring the continued growth and competitiveness of the company in a changing world order.

ACCOUNTABILITY AND INTERNAL 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 external auditors to report thereon.

To enable the directors to meet these responsibilities, standards have been set, including the application of the company's Internal Control Framework. Tongaat Hulett Limited's Internal Control Framework is based on the Committee of Sponsoring Organisations of the Treadway Commission Integrated Framework, which has emerged as the leading framework that companies and auditors use to evaluate controls.

Systems of internal control are implemented to reduce the risk of error, loss or failure to achieve corporate objectives in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework of prudent and 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.

Tongaat Hulett's internal audit function, which is supported by its internal audit service provider, KPMG, has as part of its mandate, performed a review of the effectiveness of the company's internal control environment, including its internal financial controls, and the effectiveness of its risk management process. Based on the results of these reviews, the internal audit function has confirmed to the Audit and Compliance and Risk & SHE committees and the Board that no evidence came to light that the internal control environment, including its internal financial controls and the risk management process for the company were ineffective.

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 BUSINESS CONDUCT AND ETHICS

The company operates within a Code of Business Conduct and Ethics, which supports its commitment to a policy of fair dealing, honesty and integrity in the conduct of its business. The Code of Business Conduct and Ethics has recently been reviewed and approved by the Board, communicated and distributed to all employees across all levels in the company. The Code is based on a fundamental belief that all business transactions should be legal and conducted beyond reproach in the spirit of honesty, fairness and unquestionable ethics. The company has a zero tolerance approach to any violation of the law or unethical business dealing by any employee. 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 favors, 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 directors and 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 whistle blowing service provider to provide mechanisms to report on unethical behaviour or non-compliance with the Code. The Audit and Compliance Committee assists the Board in overseeing the consistent application of and compliance with the Code, whilst management ensures its implementation across all operations in a day to day context. Appropriate action is taken in respect of all reported instances of non-compliance with the Code by employees. The Board is giving consideration towards the establishment of a Social and Ethics Committee.

No material infractions of the Code have been reported during the period under review.

REMUNERATION REPORT

The major principles of the company's remuneration philosophy and policies as described on page 51 and as set out below will form the basis of a non-binding advisory vote at the AGM as set out on page 122. Details of remuneration paid to directors and executive directors' interests in share incentive scheme awards of the company are set out on pages 102 to 103 and 108 to 110 respectively. The remuneration of the three highest paid employees who are not executive directors is also disclosed on page 102.

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. The remuneration structure at senior management level consists of guaranteed pay, variable pay in the form of incentive bonus schemes and long term incentives in the form of employee share incentive schemes.

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 as well as the assessment of individual performance.

Incentive Bonus Scheme

The incentive bonus scheme is based on a combination of the achievement of pre-determined targets, and an 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 against pre-determined objectives related to key business strategies and requirements.

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.

The Share Appreciation Right Scheme 2005 (SARS), Long Term Incentive Plan 2005 (LTIP) and Deferred Bonus Plan 2005 (DBP) (collectively referred to as "the Plans") were amended at the AGM on 27 July 2010 to ensure compliance with Schedule 14 of the JSE Listing Requirements and, where appropriate, King III. Under these share incentive 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 amendment to the LTIP scheme also included the introduction of retention shares that may be awarded on the condition that the employee remains in the service of the company. The purpose of such LTIP awards is to assist with the retention of targeted key and high potential employees.

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 share schemes qualify for a tax deduction by the company.

Details of the schemes and awards made from 2005 to 31 March 2011, 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 and cash package of the participating employee, their individual performance, and appropriate benchmarks of the expected combined value of the awards. King III refers to the application of company performance conditions to govern the vesting of awards under the Plans, and precludes the application of retesting. The application of company performance conditions has been applied since the approval of the Plans. New awards thus have relevant performance conditions, do not provide for retesting, and apply the principle of graduated vesting as recommended by King III.

Other Benefits

Membership of an approved company 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 considered by the Board, and proposed to the shareholders for approval at each AGM.

As required by the Companies Act 2008 as amended, the remuneration of non-executive directors will be authorized by special resolution at the AGM and is set out on page 121.

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

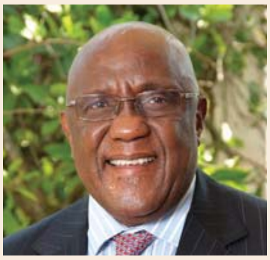
No director, officer or employee may deal either directly or indirectly in the company's shares on the basis of unpublished price-sensitive information regarding its business or affairs. In addition, no director, officer or employee may trade in the company's shares during closed periods. Closed periods 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 strategic, financial and operational resources to continue in business for the foreseeable future. The basis upon which this assessment is made is recorded at the time of approval of the annual financial statements. The Board continues to adopt the going concern basis for preparing the financial statements.

DIRECTORATE

CHAIRMAN



J B Magwaza

Independent Non-Executive Chairman and Director of Companies

BA (Psychology & Soc Anthropology), MA (Ind Rel)

JB (69) 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 remained on the Board in a non-executive capacity. He was appointed as Non-Executive Chairman on 29 April 2009.

CHIEF EXECUTIVE OFFICER

P H Staude

Chief Executive Officer

BSc (Ind Eng)(Hons) (Cum Laude), MBA (Pretoria)

Peter (57) 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 the Chairman of Trade & Investment KZN and a Non-Executive Director of Hulamin.

INDEPENDENT NON-EXECUTIVE DIRECTORS

F Jakoet

Director of Companies

BSc, CTA, CA (SA)

Fatima (50) 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 various industries, and in positions ranging from finance to general management. She is a Non-Executive Director of MMI Holdings Ltd; Clicks Group Ltd and MTN (West and Central Africa Region). Fatima was appointed to the Tongaat Hulett Board in 2008.

J John

Chief Audit Executive, FirstRand Group

Hons BCompt, CTA, CA (SA), Senior Executive Program, Diploma in Company Direction

Jenitha (39) has held various financial and audit related roles at, inter alia, Discovery Holdings Ltd, Telkom SA (Ltd), Eskom, Toyota SA and RMBT Property Services (Marriott Group) prior to joining the FirstRand Group. Jenitha has served on many Boards and Audit Committees of both Public and Private sector entities and is currently a Non-Executive Director of Business Connexion where she is also a member of the Audit Committee. She was appointed to the Tongaat Hulett Board in 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS continued

R P Kupara

CEO, Ariston Holdings Limited
B.Acc (Hons), CA (Z), MBA
Zimbabwean

Rachel (51) is the Chief Executive Officer of Ariston Holdings Limited, an agro-based company listed on the Zimbabwe Stock Exchange. Prior to this position, she worked in the financial services sector, having spent 3 years in the banking sector and 12 years in the insurance sector at various senior levels, including as the Managing Director of Zimnat Insurance Company Limited and Zimnat Life Assurance Company Limited. Until 2008, Rachel was a Non-Executive Director of Triangle Limited, a wholly owned Zimbabwean operation of Tongaat Hulett. She has served on the Boards of the Reserve Bank of Zimbabwe, Air Zimbabwe and as a Vice Chairman of the Zimbabwe Open University Council. She was appointed to the Tongaat Hulett Board in 2009.

A A Maleiane

Financial Analyst
BSc, MSc, Dip (Acc)
Mozambican

Adriano (61) is a Mozambican CEO and majority shareholder of MALEFINANCEIRO, Lda, a company specializing in financial consultancy and MALEseguros, Lda an insurance broker. He is also CEO-BNI Banco Nacional de Investiment (Moz) (National Investment Bank since February 2011. Prior to these positions he worked in the banking sector for more than 33 years where he held various key positions, including Central Bank Governor of Mozambique for 15 years. He also worked as National Director for Agrarian Economy in the Ministry of Agriculture. He is Lecturer of Financial Systems at Universidade Eduardo Mondlane – Faculty of Economics. He is a member of AMECON - Mozambican Association of Economists and AMAI Mozambican Association of Auditors. He was appointed to the Tongaat Hulett Board in 2009.

M Mia

Director of Companies

Mac (63) 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 the Chairman of the University of KwaZulu-Natal Council. He is also an independent Chairman of the Audit Committee of Momentum Health, and a Board member and Audit Committee Chair of Mutual & Federal. Mac is also 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, Spurs Fellowship (Massachusetts Institute of Technology) USA

Nonhlanhla (52) is a business woman, and former Economic Advisor to the former Deputy President of South Africa. 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 has certificates in Leadership (Harvard and Wharton Universities USA), and Technology Management (Warwick University, UK). She was appointed to the Tongaat Hulett Board in 2008.

R H J Stevens

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

Russell (70) is the founder and Chairman of the Three Cities Group, Chairman of Durban Adventures Limited, Chairman of High Footprint Management Limited 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

T N Mgoduso

Director of Companies

MA (Clin Psych)

Thandeka (55) is a Non-Executive Director of Ayavuna Women's Investments and will provide continuity in respect of Tongaat Hulett's BEE equity participation. She is also a Non-Executive Board member and Chairman of the Remuneration committee of the South African Reserve Bank and Non-Executive Board member of Glenrand MIB. She has held various previous positions, including Executive Director of human resources at the University of Johannesburg, Executive Director of Imperial Logistics and Chief Executive Officer of Freightdynamics, a division of Transnet. She was appointed to the Tongaat Hulett Board in 2010.

C B Sibisi

Chief Executive, Sangena Investments (Pty) Limited

MA (Econ Dev)

Bahle (47) is currently the Chairman of SABS and Roadcrete Africa (Pty) Ltd. He is a former deputy Director General of the Department of Trade and Industry. He was appointed to the Tongaat Hulett Board in 2007.

EXECUTIVE DIRECTORS

B G Dunlop

Executive Director

BCom (Hons), PMD (Harvard)

Bruce (57) 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. In September 2010, he was appointed the Tongaat Hulett Executive responsible for the Mozambique, Zimbabwe and Swaziland operations. He was appointed to the Tongaat Hulett Board in 1997.

M H Munro

Chief Financial Officer

BCom, CA (SA)

Murray (45) 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
12 months to 31 March 2011							
Starch operations	2 357	303	1 633	370	1 220	53	96
Agricultural Land Conversion and Developments	207	166	1 217	363	891		1
Sugar			11 395	1 824	10 223	751	247
Zimbabwe operations	1 646	454					
Swaziland operations	126	17					
Mozambique operations	715	135					
SA agriculture, milling and refining	2 991	(7)					
Downstream value added activities	1 639	241					
Centrally accounted and consolidation items		29	246	4 168	217	2	
	9 681	1 338	14 491	6 725	12 551	806	344
Bulk sales/capital profit on land		23					
Capital profit on other items		4					
BEE equity and corporate restructuring transactions		(46)		761			
Defined benefit pension fund asset recognition		288					
Other valuation adjustments		(1)					
Consolidated total	9 681	1 606	14 491	7 486	12 551	806	344
15 months to 31 March 2010							
Starch operations	2 778	301	1 864	562	1 302	47	120
Agricultural Land Conversion and Developments	274	187	1 189	398	806	1	2
Sugar			10 468	947	9 347	1 938	399
Zimbabwe operations	1 636	576					
Swaziland operations	134	63					
Mozambique operations	463	192					
SA agriculture, milling and refining	4 285	158					
Downstream value added activities	1 566	226					
Centrally accounted and consolidation items		(12)	(153)	3 954	(227)	1	
	11 136	1 691	13 368	5 861	11 228	1 987	521
Bulk sales/capital profit on land		52					
Capital profit on other items		13					
BEE equity and corporate restructuring transactions		(35)		787			
Zimbabwe consolidation take-on gain		1 969					
Other valuation adjustments		(3)					
Consolidated total	11 136	3 687	13 368	6 648	11 228	1 987	521

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	**12 months to 31 March 2011**	15 months to 31 March 2010
South Africa, Mozambique and Zimbabwe	**7 782**	8 395
Rest of Africa	**860**	1 195
Europe	**725**	652
Australasia	**130**	76
North America	**69**	31
Asia and other	**63**	342
South America	**52**	445
	9 681	11 136

The aggregate effect of intra-group transactions is immaterial.
Geographical location of segment assets: South Africa R5 265 million; Other countries R9 226 million (2010: South Africa R5 052 million; Other countries R8 316 million).
Expenditure on property plant and equipment by geographical location of assets: South Africa R192 million; Other countries R614 million (2010: South Africa R512 million; Other countries R1 475 million).

INCOME STATEMENT, SEGMENTAL AND PRO FORMA COMPARATIVE RESULTS

INCOME STATEMENT

Rmillion	Audited 12 months to 31 March 2011	Pro forma 12 months to 31 March 2010	Audited 15 months to 31 March 2010
Revenue	9 681	8 789	11 136
Profit from operations	1 338	1 500	1 691
Bulk sales / capital profit on land	23	52	52
Capital profit on other items	4	13	13
BEE IFRS 2 charge and transaction costs	(46)	(26)	(35)
Defined benefit pension fund asset recognition	288		
Zimbabwe consolidation take-on gain			1 969
Valuation adjustments	(1)	(4)	(3)
Operating profit	1 606	1 535	3 687
Share of associate company's (loss)/profit	(2)		1
Net financing costs	(472)	(365)	(452)
Profit before tax	1 132	1 170	3 236
Tax	(261)	(158)	(208)
Net profit for the year	871	1 012	3 028
Profit attributable to:			
Shareholders of Tongaat Hulett	833	885	2 898
Minority (non-controlling) interest	38	127	130
	871	1 012	3 028
Headline earnings attributable to Tongaat Hulett shareholders	806	815	858
Earnings per share (cents)			
Net profit per share			
Basic	786,0	856,2	2 791,6
Diluted	764,3	839,1	2 736,0
Headline earnings per share			
Basic	760,5	788,5	826,5
Diluted	739,6	772,7	810,0

SEGMENTAL ANALYSIS

REVENUE			
Starch operations	2 357	2 243	2 778
Land Conversion and Developments	207	260	274
Sugar			
Zimbabwe operations	1 646	1 325	1 636
Swaziland operations	126	133	134
Mozambique operations	715	447	463
SA agriculture, milling and refining	2 991	3 148	4 285
Downstream value added activities	1 639	1 233	1 566
Consolidated total	9 681	8 789	11 136
PROFIT FROM OPERATIONS			
Starch operations	303	251	301
Land Conversion and Developments	166	194	187
Sugar			
Zimbabwe operations	454	518	576
Swaziland operations	17	51	63
Mozambique operations	135	141	192
SA agriculture, milling and refining	(7)	136	158
Downstream value added activities	241	200	226
Centrally accounted and consolidation items	29	9	(12)
Consolidated total	1 338	1 500	1 691

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

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FINANCIAL HIGHLIGHTS

	12 months to 31 March 2011	12 months to 31 March 2010	15 months to 31 March 2010
Revenue (Rmillion)	**9 681**	8 789	11 136
Profit from operations (Rmillion)	**1 338**	1 500	1 691
Operating profit (Rmillion)	**1 606**	1 535	3 687
Headline earnings (Rmillion)	**806**	815	858
Headline earnings per share - basic (cents)	**760,5**	788,5	826,5
Annual dividend per share (cents)	**250,0**	275,0	275,0

CURRENCY CONVERSION GUIDE

	Closing rate at		
	31 March 2011	31 March 2010	31 December 2008
Rand/US dollar	**6,80**	7,39	9,30
Rand/Metical	**0,22**	0,24	0,36
Rand/Euro	**9,66**	9,95	12,93

	Average rate for period		
	12 months to 31 March 2011	12 months to 31 March 2010	12 months to 31 December 2008
Rand/US dollar	**7,19**	7,81	8,27
Rand/Metical	**0,21**	0,27	0,34
Rand/Euro	**9,49**	11,03	12,17

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 statement of financial position as at 31 March 2011, the income statement, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information and the directors' report, as set out on page 56 and pages 60 to 112.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa No. 61 of 1973 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position and consolidated financial position of Tongaat Hulett Limited as at 31 March 2011, 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 No. 61 of 1973.

Deloitte & Touche

Deloitte & Touche

Audit KZN

Registered Auditors

Per JAR Welch

Partner

26 May 2011

2 Pencarrow Park

Pencarrow Crescent

La Lucia Ridge Office Estate

La Lucia, 4051

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

Regional Leader: GC Brazier

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

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

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

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

In preparing the financial statements, the company has used appropriate accounting policies, supported by reasonable and prudent judgments and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company at 31 March 2011 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 59.

The annual financial statements were approved by the Board of directors on 26 May 2011 and are signed on its behalf by:

J B Magwaza
Chairman

P H Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

26 May 2011

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 No. 61 of 1973 of South Africa in respect of the year ended 31 March 2011 and that all such returns are true, correct and up to date.

M A C Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

26 May 2011

DIRECTORS' STATUTORY REPORT

The directors have pleasure in submitting the annual financial statements for the year ended 31 March 2011.

NATURE OF BUSINESS

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

FINANCIAL RESULTS

The net profit attributable to shareholders for the year ended 31 March 2011 amounted to R833 million (15 months to 31 March 2010: R2,898 billion). This translates into a headline earnings per share of 760,5 cents (2010: 826,5 cents) based on the weighted average number of shares in issue during the year.

DIVIDENDS

An interim dividend number 166 of 110 cents per share was paid on 20 January 2011 and a final dividend number 167 of 140 cents per share has been declared and is payable on 21 July 2011 to shareholders registered at the close of business on 15 July 2011.

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

Last date to trade ordinary shares "CUM" dividend	Friday	8 July 2011
Ordinary shares trade "EX" dividend	Monday	11 July 2011
Record date	Friday	15 July 2011
Payment date	Thursday	21 July 2011

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 11 July 2011 and Friday 15 July 2011, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Friday 8 July 2011.

SHARE CAPITAL

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

During the year, 1 134 530 fully paid ordinary shares of R1,00 each were issued by way of a scrip distribution to shareholders in respect of the final dividend for 2010.

During the period, 202 422 shares were allotted (there were no shares alloted to directors) in respect of options exercised in terms of the company's employee share incentive schemes for a total consideration of R6 million. Details of the unissued ordinary shares and the company's share incentive schemes are set out in notes 11, 34 and 35.

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

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

- being effected through the order book operated by the JSE trading system;

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

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

- the company and its subsidiaries (together "the group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 26 May 2011;
- 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 26 May 2011. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited group annual financial statements;
- the ordinary capital and reserves of the company and the group will be sufficient for the company's and the group's present requirements for 12 months from 26 May 2011;
- the working capital of the company and the group for a period of 12 months from 26 May 2011 will be adequate for the company's and the group's requirements.

SUBSIDIARY COMPANIES AND JOINT VENTURES

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

The attributable interest of the company in the results of its consolidated subsidiaries and joint ventures for the year ended 31 March 2011 is as follows:

	12 months to 31 March 2011	15 months to 31 March 2010
In the aggregate amount:		
Net profit (Rmillion)	670	935
Net losses (Rmillion)	29	96

DIRECTORATE

During the period, T H Nyasulu and T V Maphai resigned from the Board in July 2010 and March 2011 respectively. The composition of the Board, at 31 March 2011, is as follows: J B Magwaza (Chairman), P H Staude (CEO), B G Dunlop, F Jakoet, J John, R P Kupara, A A Maleiane, M Mia, T N Mgoduso, N Mjoli-Mncube, M H Munro, C B Sibisi and R H J Stevens.

Directors retiring by rotation at the AGM in accordance with article 61 of the articles of association are B G Dunlop, F Jakoet, N Mjoli-Mncube, and M H Munro. These directors are eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 53 to 55. R H J Stevens will retire at the AGM, having reached the mandatory retirement age.

DIRECTORS' SHAREHOLDINGS

At 31 March 2011, the present directors of the company beneficially held a total of 277 161 ordinary shares equivalent to 0,26 percent in the ordinary listed share capital of the company (31 March 2010: 224 162 shares equivalent to 0,22 percent). Details of the directors' shareholdings and interests in the share incentive schemes are provided in notes 33 and 34. There has been no change in these holdings between 31 March and 26 May 2011.

AUDIT AND COMPLIANCE COMMITTEE

The Companies Act 2008, as amended, (the Act) came into effect on 1 May 2011. The Audit and Compliance Committee has considered the provisions of the Act and is taking the necessary steps to ensure compliance. The committee confirms that during the period under review it carried out its functions responsibly and in accordance with its terms of reference as detailed in the Corporate Governance section of the integrated 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.

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2011

Tongaat Hulett Limited

Company 2010	Company 2011	Rmillion	Note	Consolidated 2011	Consolidated 2010
		ASSETS			
		Non-current assets			
2 387	2 386	Property, plant and equipment	1	**7 665**	7 710
256	363	Growing crops	2	**2 608**	2 041
	294	Defined benefit pension fund asset	32	**294**	
143	239	Long-term receivable and prepayment	3	**135**	
		Goodwill	4	**230**	240
8	31	Intangible assets	5	**32**	9
2		Investments	6	**7**	10
3 696	3 917	Subsidiaries and joint ventures	7		
6 492	7 230			**10 971**	10 010
1 521	1 283	**Current assets**		**3 520**	3 358
720	436	Inventories	8	**1 365**	1 373
658	613	Trade and other receivables		**1 457**	1 580
102	141	Major plant overhaul costs		**331**	256
9	11	Derivative instruments	9	**11**	9
	9	Tax		**6**	
32	73	Cash and cash equivalents	10	**350**	140
8 013	8 513	**TOTAL ASSETS**		**14 491**	13 368
		EQUITY AND LIABILITIES			
		Capital and reserves			
139	140	Share capital	11	**140**	139
1 519	1 524	Share premium		**1 524**	1 519
		BEE held consolidation shares	12	**(868)**	(935)
1 062	1 143	Retained income		**5 305**	4 691
403	415	Other reserves		**(1 301)**	(841)
3 123	3 222	**Shareholders' interest**		**4 800**	4 573
		Minority interests in subsidiaries		**840**	870
3 123	3 222	**Equity**		**5 640**	5 443
1 704	1 746	**Non-current liabilities**		**3 981**	3 708
341	447	Deferred tax	13	**1 365**	1 272
1 066	977	Long-term borrowings	14	**1 345**	1 103
		Non-recourse equity-settled BEE borrowings	15	**761**	787
297	322	Provisions	16	**510**	546
3 186	3 545	**Current liabilities**		**4 870**	4 217
1 414	1 106	Trade and other payables	17	**1 938**	2 131
1 768	2 437	Short-term borrowings	14	**2 930**	2 077
3	2	Derivative instruments	9	**2**	3
1		Tax			6
8 013	8 513	**TOTAL EQUITY AND LIABILITIES**		**14 491**	13 368

INCOME STATEMENTS

for the year ended 31 March 2011 — Tongaat Hulett Limited

Company 15 months to 31 March 2010	Company 12 months to 31 March 2011	Rmillion	Note	Consolidated **12 months to 31 March 2011**	Consolidated 15 months to 31 March 2010
8 155	6 250	**REVENUE**		**9 681**	11 136
788	620	**Profit from operations**		**1 338**	1 691
47	5	Bulk sales / capital profit on land		**23**	52
13	2	Capital profit on other items		**4**	13
(33)	(43)	BEE IFRS 2 charge and transaction costs		**(46)**	(35)
		Valuation adjustments:			
	288	Defined benefit pension fund asset recognition		**288**	
		Zimbabwe consolidation take-on gain			1 969
		Other valuation adjustments		**(1)**	(3)
815	872	**Operating profit after corporate transactions**	18	**1 606**	3 687
		Share of associate company's (loss)/profit		**(2)**	1
(478)	(369)	Financing costs	20	**(484)**	(489)
104	8	Finance income	20	**12**	37
441	511	**PROFIT BEFORE TAX**		**1 132**	3 236
(113)	(137)	Tax	21	**(261)**	(208)
328	374	**NET PROFIT**		**871**	3 028
		Attributable to:			
328	374	Shareholders of Tongaat Hulett		**833**	2 898
		Minority (non-controlling) interest		**38**	130
328	374			**871**	3 028
		EARNINGS PER SHARE (cents)	23		
		Basic		**786,0**	2 791,6
		Diluted		**764,3**	2 736,0

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2011

Tongaat Hulett Limited

Company 15 months to 31 March 2010	Company 12 months to 31 March 2011	Rmillion	Consolidated 12 months to 31 March 2011	Consolidated 15 months to 31 March 2010
328	374	**PROFIT FOR THE YEAR**	**871**	3 028
17	(3)	**OTHER COMPREHENSIVE INCOME**	**(542)**	(1 445)
		Movement in non-distributable reserves:		
		Foreign currency translation	**(539)**	(1 462)
23	(4)	Hedge reserve	**(4)**	23
(6)	1	Tax on movement in hedge reserve	**1**	(6)
345	371	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	**329**	1 583
		Total comprehensive income attributable to:		
345	371	Shareholders of Tongaat Hulett	**358**	1 689
		Minority (non-controlling) interest	**(29)**	(106)
345	371		**329**	1 583

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2011

Tongaat Hulett Limited

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 (non-controlling) Interest	Total
CONSOLIDATED												
Balance at 1 January 2009	103	10	25	1 506	(1 023)	33	344	(26)	2 087	3 059	276	3 335
Share capital issued	1			13						14		14
Amortisation of BEE IFRS 2 charge					29					29		29
Share-based payment charge							39			39		39
Settlement of share-based payment awards							(22)			(22)		(22)
Consolidation of subsidiaries											755	755
Change of interest in subsidiary											(7)	(7)
Allocation of BEE amount					59				(30)	29	(29)	
Dividends paid									(264)	(264)		(264)
Dividends paid - minorities											(19)	(19)
Total comprehensive income for the period								(1 209)	2 898	1 689	(106)	1 583
Retained earnings									2 898	2 898	130	3 028
Movement in hedge reserve								17		17		17
Foreign currency translation								(1 226)		(1 226)	(236)	(1 462)
Balance at 31 March 2010	104	10	25	1 519	(935)	33	361	(1 235)	4 691	4 573	870	5 443
Share capital issued	1			5						6		6
Amortisation of BEE IFRS 2 charge					42					42		42
Share-based payment charge							42			42		42
Settlement of share-based payment awards							(27)			(27)		(27)
Consolidation of subsidiaries											1	1
Loan account movement											2	2
Reallocation					25				(28)	(3)	3	
Dividends paid									(191)	(191)		(191)
Dividends paid - minorities											(7)	(7)
Total comprehensive income for the year								(475)	833	358	(29)	329
Retained earnings									833	833	38	871
Movement in hedge reserve								(3)		(3)		(3)
Foreign currency translation								(472)		(472)	(67)	(539)
Balance at 31 March 2011	105	10	25	1 524	(868)	33	376	(1 710)	5 305	4 800	840	5 640
COMPANY												
Balance at 1 January 2009	103	10	25	1 506		29	350	(11)	1 125	3 137		
Share capital issued	1			13						14		
Share-based payment charge							39			39		
Settlement of share-based payment awards							(21)			(21)		
Dividends paid and accrued									(391)	(391)		
Total comprehensive income for the period								17	328	345		
Retained earnings									328	328		
Movement in hedge reserve								17		17		
Balance at 31 March 2010	104	10	25	1 519		29	368	6	1 062	3 123		
Share capital issued	1			5						6		
Share-based payment charge							42			42		
Settlement of share-based payment awards							(27)			(27)		
Dividends paid and accrued									(293)	(293)		
Total comprehensive income for the year								(3)	374	371		
Retained earnings									374	374		
Movement in hedge reserve								(3)		(3)		
Balance at 31 March 2011	105	10	25	1 524		29	383	3	1 143	3 222		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2011 — Tongaat Hulett Limited

Company 15 months to 31 March 2010	Company 12 months to 31 March 2011	Rmillion	Consolidated 12 months to 31 March 2011	Consolidated 15 months to 31 March 2010
		Cash generated from operations		
678	767	Operating profit before dividends	**1 606**	3 687
137	105	Dividends received		
815	872	Operating profit	**1 606**	3 687
(77)	(17)	Profit on disposal of property, plant and equipment	**(35)**	(87)
		Adjustments for:		
(53)	(13)	Growing crops and other non-cash flow items	**(622)**	(729)
230	151	Depreciation	**344**	521
	(288)	Defined benefit pension fund asset recognition	**(288)**	
		Zimbabwe consolidation take-on gain		(1 969)
(52)	(40)	Tax payments	**(111)**	(257)
863	665	Cash generated from operations	**894**	1 166
		Cash required by operations		
676	277	Inventories	**11**	497
57	(84)	Trade and other receivables	**(7)**	57
432	(312)	Trade and other payables	**(216)**	235
1 165	(119)	(Increase)/decrease in working capital	**(212)**	789
2 028	546	Cash flow from operations	**682**	1 955
(374)	(361)	Net financing costs	**(472)**	(452)
1 654	185	**Cash flow from operating activities**	**210**	1 503
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(25)	(20)	- New	**(396)**	(1 416)
(195)	(132)	- Replacement	**(323)**	(280)
(137)	(39)	- Major plant overhaul costs	**(87)**	(291)
(7)	(26)	Expenditure on intangible assets	**(26)**	(7)
3	2	Capital expenditure on growing crops	**(43)**	(76)
88	18	Proceeds on disposal of property, plant and equipment	**41**	110
(1 216)	(5)	Investments - subsidiary	**(5)**	
		Investments - unlisted		8
(1 489)	(202)	Net cash used in investing activities	**(839)**	(1 952)
165	(17)	**Net cash flow before dividends and financing activities**	**(629)**	(449)
		Dividends paid		
(366)	(293)	Ordinary and preferred ordinary shares	**(191)**	(264)
		Minorities	**(7)**	(19)
(366)	(293)	Dividends paid	**(198)**	(283)
(201)	(310)	Net cash flow before financing activities	**(827)**	(732)
		Cash flows from financing activities		
513	579	Borrowings raised	**1 103**	652
		Non-recourse equity-settled BEE borrowings	**(26)**	(4)
14	6	Shares issued	**6**	14
(18)	(20)	Settlement of share-based payment awards	**(27)**	(22)
(314)	(214)	Inter-group loans		
195	351	Net cash from financing activities	**1 056**	640
(6)	41	**Net increase/(decrease) in cash and cash equivalents**	**229**	(92)
38	32	Balance at beginning of year	**140**	229
		Foreign exchange adjustment	**(18)**	(61)
		Exchange rate translation loss	**(1)**	(5)
		Consolidation of subsidiaries		69
32	73	**Cash and cash equivalents at end of year**	**350**	140

ACCOUNTING POLICIES AND FRAMEWORK

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

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and of its subsidiaries. The results of subsidiaries are included from the date effective control was acquired and up to the date effective control ceased. Investments in joint ventures are accounted for on the proportionate consolidation method from the effective date of acquisition and up to the effective date of disposal. All material inter-company balances and transactions are eliminated. Special purpose entities which were established in a recent black economic empowerment transaction have been and will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

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

PROPERTY, PLANT AND EQUIPMENT

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

Assets held under finance lease agreements are capitalised at fair value and the corresponding liabilities to the lessor are raised. Lease finance charges are charged to profit or loss over the term of the relevant lease using the effective interest rate method. Land and capital work in progress are not depreciated. All other fixed assets, including major factory overhaul costs, are depreciated and charged to profit or loss over their expected useful lives to estimated residual values at rates appropriate to their use. Maintenance expenditure on the company's sugar mills following the cessation of crushing for the season is carried forward as a current asset and charged against the following season's income. Where significant parts of a fixed asset item have different useful lives to the item itself, these component parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

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

Agricultural land improvements	50 to 99 years
Buildings	30 to 50 years
Plant and equipment	4 to 40 years
Vehicles	4 to 12 years
Furniture and equipment	3 to 10 years

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

INTANGIBLE ASSETS

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

GROWING CROPS

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

- Roots at current replacement cost of planting and establishment, amortised over the period of their productive life;
- Standing cane at the estimated cane price and sucrose content less harvesting, transport and over the weighbridge costs.

GOODWILL

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

ASSOCIATE COMPANIES

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

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

INVENTORIES

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

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

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

DEFERRED TAX

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

IMPAIRMENT

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

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

RESEARCH AND DEVELOPMENT

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

REVENUE

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

FOREIGN CURRENCIES

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

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

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

- Assets, including goodwill, and liabilities at exchange rates ruling at the date of the statement of financial position;
- Income and expense items at the average exchange rates for the period; and
- Equity items at the exchange rate ruling when they arose.

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

FINANCIAL INSTRUMENTS

Recognition

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

Measurement

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

- Trade and other receivables originated by Tongaat Hulett are held at amortised cost, using the effective interest rate method, after deducting

accumulated impairment losses. Receivables with no fixed maturity are held at cost.
- Held-to-maturity investments are held at amortised cost using the effective interest rate method after deducting accumulated impairment losses.
- Fair value through profit or loss financial assets, available for sale and cash equivalent investments are held at fair value.
- Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.
- Unlisted investments are recorded at cost.

Gains or losses on subsequent measurement

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

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

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

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

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

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

Set-off

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

Financial guarantee contracts

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

GOVERNMENT GRANTS

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

EMPLOYEE BENEFITS

Retirement funds

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

There is one defined benefit scheme in South Africa for employees that previously covered The Tongaat-Hulett Group Limited and in 2010/11 covered Tongaat Hulett and Hulamin. This scheme is actuarially valued at intervals of not more than three years using the projected unit credit method. The actuarial valuation of The Tongaat-Hulett Pension Fund as at 31 December 2009 revealed an actuarial surplus, a portion of which was allocated to the employer surplus account with the balance remaining in the Fund. The allocation to the employer surplus account, which was approved by the trustees in August 2010, was split between the participating employers, Tongaat Hulett and Hulamin, as in the past, proportionate to their share of the liabilities in the Fund at the valuation date. Consequently an amount of R129 million (2010: R79 million) was recognised in the results to 31 March 2011, net of the employer contribution holiday for the period. The employer surplus account is being utilised for a contribution holiday.

Following the unbundling of Hulamin from The Tongaat-Hulett Group in 2007, The Tongaat-Hulett Group Pension Fund was required to be split between the employers and the manner in which the funds proceed following the unbundling also needed clarity, as reported previously. In December 2010 approval was granted by the trustees for the filings with the Financial Services Board (FSB) on the detail and basis of the splitting of the old fund into two new funds - one for Tongaat Hulett and one for Hulamin.

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

The application of these standards confirm the recognition of the amounts previously allocated to the Tongaat Hulett Employer Surplus Account in the Fund and recognised in Tongaat Hulett's financial statements.

A further accounting recognition was required for the year ended 31 March 2011. IFRIC 14 and AC 504 specify the criteria to be used in determining the amount to be recognised which represents the difference between the estimated future IAS 19 service cost /contribution rate and the actual actuarially determined contribution rate over a relevant period. An amount of R288 million has been recognised in profit in respect of this "defined benefit pension fund asset".

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

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

Post-retirement medical aid benefits and retirement gratuities

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

SHARE-BASED PAYMENTS

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

CORPORATE TRANSACTIONS CONCLUDED IN 2007
25% BEE EQUITY PARTICIPATION TRANSACTIONS

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

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

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

The BEE Infrastructure SPV participation interest, concluded in 2007, of R1,289 billion was funded through a combination of notional vendor financing (R821 million), preference share funding (R458 million) and equity and shareholders' loans of R10 million. The BEE yoMoba SPV participation interest of R1,031 billion was funded through a combination of notional vendor financing (R657 million), preference share funding (R367 million) and equity and shareholders' loans of R8 million. The SPV's participation interests are in the form of preferred ordinary shares which are entitled to receive a fixed coupon every year for a period of seven years. After seven years the preferred ordinary shares will cease to receive preferred ordinary dividends. Tongaat Hulett has therefore committed to pay a fixed coupon on these preferred ordinary shares of R100 million in aggregate on an annual basis and the preferred ordinary shares will not receive any ordinary dividends for the duration of the seven year period. In terms of the notional vendor finance arrangement between the respective SPVs and Tongaat Hulett (R821 million in respect of the BEE TH Infrastructure SPV and R657 million in respect of the BEE yoMoba SPV), Tongaat Hulett will be entitled to repurchase, at a price of R0,01 per share, such number of shares as determined in accordance with a repurchase formula, subject to the external funding claims in the SPV. The number of shares repurchased will be a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett and the success of the earn-in initiatives by the respective BEE partners. In compliance with IFRS, the two BEE SPVs are consolidated by Tongaat Hulett and consequently the preferred ordinary shares are reflected as treasury shares in the consolidated financial statements and are taken into account where relevant when calculating earnings per share. The external debt of the SPVs, amounting to R761 million in aggregate at 31 March 2011 (31 March 2010 – R787 million), is thus reflected on the consolidated statement of financial position and the funding charge incurred by the SPV is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will effectively be equity-settled. After seven years the preferred ordinary shares will convert into Tongaat Hulett listed ordinary shares.

BEE 7% employee interest

The 7% BEE employee transaction comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP). The ESOP scheme consists of a share appreciation right scheme and participants share in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consists of two components namely a share appreciation right scheme and a share grant scheme. The ESOP Trust and MSOP Trust were established to acquire and hold Tongaat Hulett Limited shares for the benefit of designated employees. These shares have specific repurchase terms at maturity (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 costs relating to the 7% BEE employee transaction is amortised over 5 years, having commenced 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 reflected as treasury shares in the consolidated financial statements and are taken into account where relevant 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:

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

- **In Tongaat Hulett Developments, project cost of sales determination and cost allocation to sites includes a future development expenditure accrual:**
  Judgement is applied in determining total project costs, which are supported by estimates from professional consultants and consulting engineers for services infrastructure. These costs are reviewed by management three to four times a year during the forecasting process and if necessary, estimates are revised accordingly. At the outset as well as during the life of a project, judgement is applied in determining the sales prices per saleable sites or bulk square metres, which is supported with input from estate agents, external property valuers and management on an ongoing basis as well as during the forecasting process. Cost of sales allocation to sites is apportioned in proportion to sales values.

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

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

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

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

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

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

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

IFRS 1:	First-time Adoption of International Financial Reporting Standards
IFRS 2:	Share-based Payment
IFRS 7:	Financial Instruments: Disclosures
IFRS 9:	Financial Instruments
IAS 1:	Presentation of Financial Statements
IAS 12:	Income Taxes
IAS 24:	Related Party Disclosures
IAS 27:	Consolidated and Separate Financial Statements
IAS 34:	Interim Financial Reporting
IFRIC 13:	Customer Loyalty Programmes
IFRIC 19:	Extinguishing Financial Liabilities with Equity Instruments.

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

Consolidated	Total	Land, improvements and buildings	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	7 710	2 260	3 771	1 400	58	221
Consolidation of subsidiaries	2		2			
Additions	719	34	366	273	1	45
Disposals	(6)	(2)	(1)	(3)		
Depreciation	(344)	(43)	(207)	(92)	(2)	
Transfers		7	36	17		(60)
Currency alignment	(416)	(140)	(174)	(90)	(5)	(7)
Carrying value at end of year	7 665	2 116	3 793	1 505	52	199
Comprising:						
31 March 2011						
At cost	10 323	2 417	5 638	1 997	72	199
Accumulated depreciation	2 658	301	1 845	492	20	
	7 665	2 116	3 793	1 505	52	199
31 March 2010						
At cost	10 083	2 534	5 425	1 825	78	221
Accumulated depreciation	2 373	274	1 654	425	20	
	7 710	2 260	3 771	1 400	58	221
Company						
Carrying value at beginning of year	2 387	455	1 664	148	1	119
Additions	152	13	101	17	1	20
Disposals	(2)	(1)		(1)		
Depreciation	(151)	(6)	(126)	(18)	(1)	
Transfers		7	32	12		(51)
Carrying value at end of year	2 386	468	1 671	158	1	88
Comprising:						
31 March 2011						
At cost	4 239	560	3 208	380	3	88
Accumulated depreciation	1 853	92	1 537	222	2	
	2 386	468	1 671	158	1	88
31 March 2010						
At cost	4 096	541	3 077	357	2	119
Accumulated depreciation	1 709	86	1 413	209	1	
	2 387	455	1 664	148	1	119

Plant and machinery of Mozambique and Zimbabwe subsidiaries with a book value of R787 million (2010: R311 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R291 million (2010: R232 million).

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

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

2. GROWING CROPS (Rmillion)

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
Carrying value at beginning of year	**2 041**	742	256	130
Consolidation of subsidiaries		342		
Gain arising from physical growth and price changes	**611**	1 231	58	76
Increase due to increased area under cane	**102**	141	55	54
Decrease due to reduced area under cane	**(8)**	(8)	(6)	(4)
Currency alignment	**(138)**	(407)		
Carrying value at end of year	**2 608**	2 041	363	256
The carrying value comprises:				
Roots	**1 179**	895	221	144
Standing cane	**1 429**	1 146	142	112
	2 608	2 041	363	256
Area under cane (hectares)				
South Africa	**18 859**	13 910	18 859	13 910
Mozambique	**24 664**	22 609		
Swaziland	**3 838**	3 767		
Zimbabwe	**28 494**	27 753		
	75 855	68 039	18 859	13 910

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

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

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

	2011					2010
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
Roots						
Hectares under cane	18 859	3 838	28 494	24 664	75 855	68 039
Amortised root value (Rand per hectare)	11 718	12 261	12 993	21 915	15 540	13 148
Standing cane						
Hectares for harvest	17 047	3 756	28 229	24 047	73 079	67 419
Standing cane value (Rand per hectare)	8 356	23 032	22 865	23 057	19 552	17 000
Yield						
Tons cane per hectare	54	124	98	85	85	91
Balance Sheet (Rmillion)						
Roots	221	47	370	541	1 179	895
Standing cane	142	87	646	554	1 429	1 146
Total	363	134	1 016	1 095	2 608	2 041

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

	Rmillion
Carrying value at beginning of year	2 041
Change in fair value *	662
Foreign currency translation	(138)
Other	43
Carrying value at end of year	2 608

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2011 is as follows:

	Rmillion
Roots	332
Standing cane	330
Change in fair value *	662

	Rmillion
South Africa	109
Swaziland	7
Zimbabwe	283
Mozambique	263
Change in fair value *	662

* This represents the change in fair value from opening balance sheet date to closing balance sheet date. The agricultural costs actually incurred in generating this increase in fair value are charged to cost of sales.

3. LONG-TERM RECEIVABLE AND PREPAYMENT (Rmillion)

	Consolidated		Company	
	2011	2010	2011	2010
Long-term receivable				
Carrying value at beginning of year - advances to an export partnership		196		196
Settlement - export partnership		(196)		(196)
Pension fund employer surplus account allocation (refer to note 32)	**216**		216	
	216		216	
Less current portion of employer surplus account allocation	**(81)**		(81)	
Carrying value at end of year	**135**		135	
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	**(114)**	(72)	(106)	(67)
At beginning of year	**(72)**	(43)	(67)	(40)
Charge for the year	**(42)**	(29)	(39)	(27)
Less BEE share ownership plan consolidation shares	**(113)**	(155)		
			104	143
Carrying value at end of year	**135**		239	143

The prepayment relates to awards made in terms of the company's BEE employee share ownership plans, details of which are set out in note 35.

4. GOODWILL (Rmillion)

	Consolidated	
	2011	2010
Carrying value at beginning of year	**240**	99
Consolidation of subsidiaries	**8**	207
Currency exchange rate changes	**(18)**	(66)
Carrying value at end of year	**230**	240

Goodwill is attributable to the Mozambique and Zimbabwe sugar operations and a Botswana and a Namibian subsidiary. Goodwill is tested annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections, which cover a period of twenty years, are based on the most recent budgets and forecasts approved by management and the extrapolation of cash flows which incorporate growth rates consistent with the average long term growth trends of the market. As at 31 March 2011, the carrying value of goodwill was considered not to require impairment.

5. INTANGIBLE ASSETS (Rmillion)

	Consolidated		Company	
	2011	2010	2011	2010
Cost:				
At beginning of year	**22**	17	19	12
Consolidation of subsidiaries	**2**			
Additions	**26**	7	26	7
Currency alignment		(2)		
At end of year	**50**	22	45	19
Accumulated amortisation:				
At beginning of year	**13**	11	11	8
Consolidation of subsidiaries	**1**			
Charge for the year	**4**	3	3	3
Currency alignment		(1)		
At end of year	**18**	13	14	11
Carrying value at end of year	**32**	9	31	8
The carrying value comprises:				
Software and information technology	**28**	4	27	3
Cane supply agreements	**4**	5	4	5
	32	9	31	8

6. INVESTMENTS (Rmillion)

	Consolidated		Company	
	2011	2010	2011	2010
Unlisted shares at cost	**6**	7		
Loans	**1**	3		2
Carrying value of investments (Directors' valuation)	**7**	10		2

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

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

	Company 2011	Company 2010
Shares at cost, less amounts written off	**4 703**	2 733
Indebtedness by	**42**	1 498
Indebtedness to	**(828)**	(535)
	3 917	3 696

	Consolidated 2011	Consolidated 2010
Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of joint ventures, which comprise in the main, Effingham Development (33%) and Tongaat Hulett/IFA Resort Developments (50%) and which are included in the consolidated financial statements are set out below.		
Property, plant and equipment	**7**	8
Current assets	**345**	283
Less: Current liabilities	**(110)**	(68)
Interest in joint ventures	**242**	223

	12 months to 31 March 2011	15 months to 31 March 2010
Tongaat Hulett's proportionate share of the trading results of the joint ventures is as follows:		
Revenue	**111**	21
Profit before tax	**54**	19
Tax	**(15)**	(4)
Net profit after tax	**39**	15
Tongaat Hulett's proportionate share of cash flows of the joint ventures is as follows:		
Cash flows from operating activities	**40**	(4)
Net cash used in investing activities	**(35)**	(38)
Movement in net cash resources	**5**	(42)

8. **INVENTORIES** (Rmillion)

	Consolidated		Company	
	2011	2010	2011	2010
Raw materials	**255**	464	209	464
Work in progress	**17**	14	17	13
Finished goods	**178**	204	95	120
Consumables	**502**	402	115	123
Development properties	**413**	289		
	1 365	1 373	436	720

Included in raw materials is an amount of R164 million (2010: R360 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. DERIVATIVE INSTRUMENTS (Rmillion)

	Consolidated		Company	
	2011	2010	2011	2010
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	**3**	9	3	9
Forward exchange contracts - not hedge accounted	**5**		5	
Futures contracts - hedge accounted	**1**	(3)	1	(3)
	9	6	9	6
Summarised as:				
Derivative assets	**11**	9	11	9
Derivative liabilities	**(2)**	(3)	(2)	(3)
	9	6	9	6

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	
	2011	2010	2011	2010
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:				
105 014 181 (31 March 2010 - 103 677 229) ordinary shares of R1,00 each	**105**	104	105	104
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
	140	139	140	139

Under control of the directors:
- for the purposes of the employee share option schemes 9 932 528 shares (2010: 9 595 431 shares).
- in terms of a shareholders' resolution 5 240 588 shares (2010: 5 162 349 shares).

Details of the employee share incentive schemes are set out in note 34. Following the unbundling of Hulamin in 2007, the options granted to employees in terms of the original employee share option schemes which had not been exercised at the unbundling date were converted into two components, a Tongaat Hulett Limited component and a Hulamin Limited component, as described in note 34. At 31 March 2011 employees have an option to subscribe for 468 294 shares at an average price of R33,42 per share (2010: 667 500 shares at an average price of R32,85 per share) in respect of the Tongaat Hulett component and the equivalent of approximately 100 000 shares in respect of the Hulamin component (2010: 105 000 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	
	2011	2010
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 amount attributable to A preferred ordinary shareholders	**(84)**	(59)
Less amortisation of IFRS 2 charge on shares relating to the employee share ownership plans (refer to notes 3 and 35)	**(114)**	(72)
	868	935

13. **DEFERRED TAX** (Rmillion)

	Consolidated		Company	
	2011	2010	2011	2010
Balance at beginning of year	**1 272**	582	341	469
Currency alignment	**(65)**	(214)		
Consolidation of subsidiaries	**(1)**	1 038		
Accounted for in equity	**(1)**	6	(1)	6
Current year Income Statement charge/(relief) on:				
Earnings before capital profits	**161**	(16)	108	(134)
Rate change adjustment		(154)		
Prior years' (relief)/charge	**(1)**	30	(1)	
Balance at end of year	**1 365**	1 272	447	341
Comprising temporary differences relative to :				
Property, plant and equipment	**1 161**	1 220	459	428
Growing crops	**545**	336	102	72
Defined benefit pension fund asset	**82**		82	
Long term receivable	**38**		38	
Current assets	**144**	114	31	40
Current liabilities	**(89)**	(34)	(31)	(25)
Tax losses	**(250)**	(108)	(95)	(65)
Other	**(266)**	(256)	(139)	(109)
	1 365	1 272	447	341

14. BORROWINGS (Rmillion)

	Effective interest rate (%)	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
Long-term		**1 345**	1 103	977	1 066
Short-term and bank overdraft		**2 930**	2 077	2 437	1 768
		4 275	3 180	3 414	2 834
Long-term borrowings comprise:					
Secured:					
SA Rand					
Repayable 2020/2021	8,60	**367**			
Repayable 2011/2012	6,25	**6**	17		
Finance leases (refer to note 29)	7,50	**2**	1	2	1
Foreign					
Repayable 2011/2016	21,50	**11**	17		
Finance leases (refer to note 29)	4,30	**11**	13		
		397	48	2	1
Unsecured:					
SA Rand	3 month				
Long-term portion repayable 2011/2015	JIBAR + 1,35	**1 065**	1 155	1 065	1 155
Foreign					
Repayable 2011/2012	nil	**3**	5		
Indefinite	nil	**5**			
		1 073	1 160	1 065	1 155
Long-term borrowings		**1 470**	1 208	1 067	1 156
Less: current portion included in short-term borrowings		**125**	105	90	90
		1 345	1 103	977	1 066

Plant and machinery of Mozambique and Zimbabwe subsidiaries with a book value of R787 million (2010: R311 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R291 million (2010: R232 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 R315 million (2010: R226 million) and in Zimbabwe equivalent to R196 million (2010: R62 million).

Summary of future loan repayments by financial year:

Year	2012/13	2013/14	2014/15	2015/16	2016/17	Thereafter
Rmillion	135	129	834	39	37	171

In terms of the company's articles of association the borrowing powers of Tongaat Hulett are limited to R8 460 million.

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

The non-recourse equity-settled BEE borrowings comprise:

	Effective interest rate (%)	Consolidated 2011	Consolidated 2010
4 122 000 Class A redeemable preference shares	8,486 nacs	**229**	287
4 122 000 Class B redeemable preference shares	10,873 nacs	**515**	482
Accrued dividends		**18**	18
		762	787
Less: BEE cash resources		**(1)**	
		761	787

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 2011	Consolidated 2010	Company 2011	Company 2010
Post-retirement medical aid obligations	**323**	304	254	236
Retirement gratuity obligations	**97**	145	68	61
Other	**90**	97		
	510	546	322	297

Further details on provisions are set out in note 32.

17. TRADE AND OTHER PAYABLES (Rmillion)

	Consolidated 2011	Consolidated 2010	Company 2011	Company 2010
Accounts payable	**1 765**	1 750	933	1 033
Maize obligation - interest bearing	**173**	381	173	381
	1 938	2 131	1 106	1 414

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

18. OPERATING PROFIT (Rmillion)

	Consolidated		Company	
	12 months to 31 March 2011	15 months to 31 March 2010	12 months to 31 March 2011	15 months to 31 March 2010
Revenue	**9 681**	11 136	6 250	8 155
Cost of sales	**(7 791)**	(9 629)	(5 394)	(6 986)
Administration and overhead expenses	**(1 249)**	(947)	(485)	(533)
Marketing and selling expenses	**(235)**	(332)	(162)	(189)
Other income (including growing crops fair value change)*	**932**	1 463	411	341
Profit from operations	**1 338**	1 691	620	788
Bulk sales / capital profit on land (refer to note 19)	**23**	52	5	47
Capital profit on other items (refer to note 19)	**4**	13	2	13
BEE IFRS 2 charge and transaction costs	**(46)**	(35)	(43)	(33)
Valuation adjustments:				
Defined benefit pension fund asset recognition	**288**		288	
Zimbabwe consolidation take-on gain		1 969		
Other	**(1)**	(3)		
Operating profit after corporate transactions	**1 606**	3 687	872	815
Disclosable items included in operating profit:				
Dividends received from subsidiaries			105	137
Profit on disposal of plant and equipment	**1**	6	1	2
Amortisation of intangible assets	**4**	3	3	3
Depreciation charged:				
Buildings	**43**	115	6	7
Plant and equipment	**207**	265	126	196
Vehicles and other	**94**	141	19	27
Growing crops : change in fair value *	**662**	1 288	109	128
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	**4**	4		
Technical fees paid	**10**	11	10	11
Operating lease charges (property, plant and vehicles)	**25**	27	19	23
Share-based payments:				
IFRS 2 charge on share options, SARS, LTIP and DBP	**42**	39	30	26
BEE IFRS 2 charge	**42**	29	39	27
Auditors' remuneration:				
Fees	**10**	12	5	6
Other services	**2**	2	1	1
Net (losses)/gains on:				
Fair value hedges, losses on the hedged item	**(5)**	(15)	(5)	(15)
Fair value hedges, gains on the hedging instrument	**5**	15	5	15
Valuation adjustments on financial instruments and other items:				
Translation of foreign currency:				
- foreign cash holdings	**(1)**	(5)		
- other	**(3)**	(44)		
Other financial instruments	**(7)**	5	(2)	2

* This represents the change in fair value from opening balance sheet date to closing balance sheet date. The agricultural costs actually incurred in generating this increase in fair value are charged to cost of sales.

19. CAPITAL PROFITS (Rmillion)

	Consolidated		Company	
	12 months to 31 March 2011	15 months to 31 March 2010	12 months to 31 March 2011	15 months to 31 March 2010
Comprises:				
Surplus on sale of land	**23**	52	5	47
Other surpluses	**4**	13	2	13
Capital profits before tax	**27**	65	7	60
Tax				
Capital profits after tax	**27**	65	7	60

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

	Consolidated		Company	
	12 months to 31 March 2011	15 months to 31 March 2010	12 months to 31 March 2011	15 months to 31 March 2010
Net financing costs comprise:				
Interest paid - external	**(491)**	(577)	(328)	(419)
Interest capitalised	**7**	88		
Interest paid - subsidiaries			(41)	(59)
Financing costs	**(484)**	(489)	(369)	(478)
Interest received - external	**12**	37	3	15
Interest received - subsidiaries			5	89
Finance income	**12**	37	8	104
Net financing costs	**(472)**	(452)	(361)	(374)

21. TAX (Rmillion)

	Consolidated		Company	
	12 months to 31 March 2011	15 months to 31 March 2010	12 months to 31 March 2011	15 months to 31 March 2010
Earnings before capital profits:				
Current	**93**	331		196
Deferred	**161**	(16)	108	(134)
Rate change adjustment (deferred)		(154)		
Secondary tax on companies	**29**	39	29	39
Prior years	**(22)**	8		12
Tax for the year	**261**	208	137	113
Foreign tax included above	**68**	36		

21. TAX (Rmillion) (continued)

	Consolidated		Company	
	12 months to 31 March 2011	15 months to 31 March 2010	12 months to 31 March 2011	15 months to 31 March 2010
Tax charge at normal rate of South African tax	**317**	906	143	124
Adjusted for:				
Non-taxable income	**(15)**	(19)	(37)	(64)
Zimbabwe consolidation take-on gain		(551)		
Assessed losses of foreign subsidiaries	**(48)**	(20)		
Non-allowable expenditure	**29**	27	2	2
Foreign tax rate variations	**(29)**	(28)		
Rate change adjustment (deferred)		(154)		
Secondary tax on companies	**29**	39	29	39
Prior years	**(22)**	8		12
Tax charge	**261**	208	137	113
Normal rate of South African tax	**28,0%**	28,0%	28,0%	28,0%
Adjusted for:				
Non-taxable income	**(1,3)**	(0,6)	(7,2)	(14,5)
Zimbabwe consolidation take-on gain		(17,0)		
Assessed losses of foreign subsidiaries	**(4,3)**	(0,6)		
Non-allowable expenditure	**2,5**	0,8	0,4	0,5
Foreign tax rate variations	**(2,5)**	(0,9)		
Rate change adjustment (deferred)		(4,8)		
Secondary tax on companies	**2,5**	1,2	5,7	8,8
Prior years	**(1,9)**	0,3		2,7
Effective rate of tax	**23,0%**	6,4%	26,9%	25,5%

Normal tax losses of R610 million (2010: R537 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	
	12 months to 31 March 2011	15 months to 31 March 2010
Profit attributable to shareholders	**833**	2 898
Less Zimbabwe consolidation take-on gain		(1 969)
Less after tax effect of surplus on sale of property:	**(27)**	(71)
Capital profit on sale of land	**(23)**	(52)
Capital profit on other items	**(4)**	(13)
Fixed assets and other disposals	**(1)**	(8)
	(28)	(73)
Tax charge on profit on other items		2
Tax charge on profit on disposal of other fixed assets	**1**	
Headline earnings	**806**	858
Headline earnings per share (cents)		
Basic	**760,5**	826,5
Diluted	**739,6**	810,0

23. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of relevant ordinary shares and qualifying preferred ordinary shares in issue during the year. In the case of basic earnings per share the weighted average number of shares in issue during the year was 105 986 145 (15 month period to 31 March 2010: 103 810 807). In respect of diluted earnings per share the weighted average number of shares is 108 983 882 (15 month period to 31 March 2010: 105 922 176).

24. DIVIDENDS (Rmillion)

	Consolidated		Company	
	12 months to 31 March 2011	15 months to 31 March 2010	12 months to 31 March 2011	15 months to 31 March 2010
Ordinary share capital				
Final for previous year, paid 22 July 2010: 175 cents* (2010: 150 cents)	**69**	155	69	155
Interim for current year, paid 20 January 2011: 110 cents (2010: 100 cents)	**115**	103	115	103
B ordinary share capital				
Final for previous year, paid 22 July 2010: 175 cents (2010: 150 cents)	**17**	15	17	15
Interim for current year, paid 20 January 2011: 110 cents (2010: 100 cents)	**11**	10	11	10
A preferred ordinary share capital				
Interim for current year, paid 30 June 2010: 203 cents (30 June 2009: 203 cents)	**51**	51	51	51
Final for current year, paid 31 December 2010: 203 cents (31 December 2009: 203 cents)	**51**	51	51	51
Accrued for three months to 31 March 2011: 203 cents (31 March 2010: 203 cents)	**25**	25	25	25
	339	410	339	410
Less dividends relating to BEE treasury shares	**(148)**	(146)	(21)	(19)
	191	264	318	391

The final ordinary dividend for the year ended 31 March 2011 of 140 cents per share declared on 26 May 2011 and payable on 21 July 2011 has not been accrued.

* A scrip distribution with a cash alternative was offered for this dividend declaration.

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	
	2011	2010	2011	2010
Financial assets				
Derivative instruments in designated hedge accounting relationships	**11**	9	11	9
Unlisted shares at cost	**7**	10		2
Loans and receivables at amortised cost	**1 947**	1 976	820	792
	1 965	1 995	831	803
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	**2**	3	2	3
Financial liabilities at amortised cost	**6 120**	5 229	4 456	4 193
Non-recourse equity-settled BEE borrowings	**761**	787		
	6 883	6 019	4 458	4 196

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

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

Capital risk management
Tongaat Hulett's overall strategy around capital structure remains unchanged from previous years and is continually reviewed in budgeting and business planning processes. Tongaat Hulett manages its capital to ensure that its operations are able to continue as a going concern while maximising the return to stakeholders through an appropriate debt and equity balance. The capital structure of Tongaat Hulett consists of debt, which includes borrowings, cash and cash equivalents and equity.

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

Market Risk Sensitivity
Where appropriate, market risk sensitivity has been provided on financial instruments held by Tongaat Hulett. On those instruments where cover is specifically taken out to effectively hedge a position, such as FEC's and maize futures contracts, sensitivity analyses are not provided in respect of these hedge instruments as there is no profit or loss exposure.

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	
	2011	2010	2011	2010
Less than 1 month	**32**	23	21	17
Between 1 to 2 months	**16**	26	6	16
Between 2 to 3 months	**5**	9	3	4
Greater than 3 months	**320**	416	2	1
Total past due	**373**	474	32	38

Provision for doubtful debts

	Consolidated		Company	
	2011	2010	2011	2010
Set out below is a summary of the movement in the provision for doubtful debts for the year:				
Balance at beginning of year	**18**	11	7	5
Consolidation of subsidiaries	**1**			
Currency alignment	**(1)**	(1)		
Amounts written off during the year	**(1)**			
Increase/(decrease) in allowance recognised in profit or loss		8	(1)	2
Balance at end of year	**17**	18	6	7

Foreign currency risk

In the normal course of business, Tongaat Hulett enters into transactions denominated in foreign currencies. As a result, Tongaat Hulett is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. A variety of instruments are used to minimise foreign currency exchange rate risk in terms of its risk management policy. In principle it is the policy to cover foreign currency exposure in respect of liabilities and purchase commitments and an appropriate portion of foreign currency exposure on receivables. There were no speculative positions in foreign currencies at year end. All foreign exchange contracts are supported by underlying transactions. Tongaat Hulett is not reliant on imported raw materials to any significant extent. The fair value of the forward exchange contracts were establised by reference to quoted prices and are categorised as Level 1 under the fair value hierarchy.

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

	Consolidated				Company			
			2011	2010			2011	2010
	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	Fair value of FEC (Rmillion)	Fair value of FEC (Rmillion)
Imports								
US dollar	7,42	9	**(1)**		7,42	9	(1)	
UK pound	11,45	1			11,45	1		
Euro	9,77	1			9,77	1		
		11	**(1)**			11	(1)	
Exports								
US dollar	7,14	173	**4**	8	7,14	173	4	8
Australian dollar				1				1
		173	**4**	9		173	4	9
Net total		162	**3**	9		162	3	9

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)	**2011 Fair value of FEC (Rmillion)**	2010 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	2011 Fair value of FEC (Rmillion)	2010 Fair value of FEC (Rmillion)
Imports								
US dollar	7,05	5			7,05	5		
UK pound	11,33	1			11,33	1		
Euro	9,67	59			9,67	59		
		65				65		
Exports								
US dollar	7,93	35	**5**		7,93	35	5	
Net total		30	**5**			30	5	

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)	**2011 (Rmillion)**	2010 (Rmillion)	Foreign amount (million)	2011 (Rmillion)	2010 (Rmillion)
US dollar	3	**22**	16	3	20	14
Australian dollar	5	**36**	18	5	36	18
New Zealand dollar			1			
		58	35		56	32

The impact of a 10% strengthening or weakening of the Rand on the uncovered Australian dollar receivable will have a R4 million (2010: R2 million) impact on profit before tax and a R3 million (2010: R1 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered US dollar receivable will have a R2 million (2010: R2 million) impact on profit before tax and a R1 million (2010: R1 million) impact on equity.

Commodity price risk

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

Tongaat Hulett Starch has secured its maize requirements for the current maize season to 31 May 2011 and a significant portion of its requirements for the year ending 31 May 2012 by using a combination of unpriced procurement contracts and purchases and sales of maize futures.

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

	Consolidated				Company			
	Tons	Contract value (Rmillion)	**2011 Fair value (Rmillion)**	2010 Fair value (Rmillion)	Tons	Contract value (Rmillion)	2011 Fair value (Rmillion)	2010 Fair value (Rmillion)
Futures - hedge accounted:								
Maize futures sold			**2**	(3)			2	(3)
Maize futures purchased	3 200	5	**(1)**		3 200	5	(1)	
			1	(3)			1	(3)
Period when cash flow expected to occur			**2011/12**	2010/11			2011/12	2010/11
When expected to affect profit			**2011/12**	2010/11			2011/12	2010/11
Amount recognised in equity during the year			**3**	5			3	5
Amount transferred from equity and recognised in profit or loss			**6**	10			6	10

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 R22 million (2010: R18 million) effect on profit before tax and a R16 million (2010: R13 million) impact on equity.

Liquidity risk

Tongaat Hulett manages its liquidity risk by monitoring forecast cash flows on a weekly basis. There are unutilised established banking facilities in excess of R1,5 billion (2010: in excess of R1 billion). Tongaat Hulett continues to meet the covenants associated with its long-term unsecured South African debt facility.

Borrowings inclusive of interest projected at current interest rates:

Consolidated	Weighted average effective interest rate (%)	Due within 1 year	1 to 2 years	2 to 5 years	After 5 years	Interest adjustment	Total
2011							
Bank loans	7,3	2 492	208	1 017		(455)	3 262
Foreign loans	9,8	645	43	127	219	(62)	972
Other borrowings	8,5	197				(8)	189
Financial lease liability	4,8	8	5	1		(1)	13
Other non-interest bearing liabilities		1 677	1		5		1 683
Net settled derivatives		2					2
Total for Tongaat Hulett		5 021	257	1 145	224	(526)	6 121
Non-recourse equity-settled BEE borrowings		84	80	746		(149)	761
Total including SPV debt		5 105	337	1 891	224	(675)	6 882
2010							
Bank loans	8,2	1 909	228	1 225		(521)	2 841
Foreign loans	10,2	315	6	14	4	(33)	306
Other borrowings	8,6	413				(17)	396
Financial lease liability	8,9	1	9	6		(2)	14
Other non-interest bearing liabilities		1 671	2				1 673
Net settled derivatives		3					3
Total for Tongaat Hulett		4 312	245	1 245	4	(573)	5 233
Non-recourse equity-settled BEE borrowings		93	81	760		(147)	787
Total including SPV debt		4 405	326	2 005	4	(720)	6 020

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES (Rmillion)

	Interest of Holding Company			
	Equity		Indebtedness	
	2011	2010	**2011**	2010
Tongaat Hulett Starch (Pty) Limited	**15**	15	**27**	25
Tongaat Hulett Developments (Pty) Limited Tongaat Hulett Estates (Pty) Limited			**(434)**	(440)
Tongaat Hulett Sugar Limited Tambankulu Estates Limited (Swaziland) Tongaat Hulett Acucareira de Mocambique, SA (Mozambique) (85%) Tongaat Hulett Acucareira de Xinavane, SA (Mozambique) (88%) Tongaat Hulett Acucar Limitada (Mozambique) Triangle Sugar Corporation Limited (Zimbabwe) Hippo Valley Estates Limited (Zimbabwe) (50,3%)	**4 634**	2 664	**(317)**	1 437
The Tongaat Group Limited	**54**	54	**(62)**	(59)
	4 703	2 733	**(786)**	963

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

27. SUBSIDIARIES CONSOLIDATED (Rmillion)

The company acquired a further 33,3% interest, effective 1 April 2010, in Sugarmark Namibia (Pty) Limited which has a 51% held subsidiary Consolidated Sugar Industries (Namibia) (Pty) Limited. Details of these Namibian subsidiaries consolidated and their cash flow effects are summarised below. The prior year relates to the consolidation of the Zimbabwe subsidiaries.

	2011	2010
Property, plant equipment and investments	**3**	3 555
Growing crops		342
Inventories	**39**	255
Trade and other receivables	**22**	101
Cash		69
Trade and other payables	**(47)**	(182)
Provisions		(289)
Deferred tax	**1**	(1 038)
Borrowings	**(18)**	(33)
Minority interest	**(1)**	(755)
Net assets consolidated	**(1)**	2 025
Goodwill arising on consolidation	**8**	207
	7	2 232
Zimbabwe consolidation take-on gain		(1 969)
Investment in subsidiaries	**7**	263

28. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Consolidated		Company	
	2011	2010	2011	2010
Guarantees in respect of obligations of Tongaat Hulett and third parties	**23**	134	2	2
Contingent liabilities	**12**	14	12	14
	35	148	14	16

29. LEASES (Rmillion)

	Consolidated		Company	
	2011	2010	2011	2010
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**8**	3	1	1
Later than one year and not later than five years	**6**	9	1	1
Later than five years		6		
	14	18	2	2
Less: future finance charges	**(1)**	(4)		(1)
Present value of lease obligations	**13**	14	2	1
Payable:				
Not later than one year	**7**	1	1	
Later than one year and not later than five years	**6**	7	1	1
Later than five years		6		
	13	14	2	1
Operating lease commitments, amounts due:				
Not later than one year	**18**	14	16	13
Later than one year and not later than five years	**24**	17	10	16
	42	31	26	29
In respect of:				
Property	**28**	18	15	16
Plant and machinery	**8**	11	8	11
Other	**6**	2	3	2
	42	31	26	29

30. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Consolidated		Company	
	2011	2010	2011	2010
Contracted	**134**	234	33	43
Approved but not contracted	**51**	118	37	28
	185	352	70	71

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

31. RELATED PARTY TRANSACTIONS (Rmillion)

During the period 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	
	12 months to 31 March 2011	15 months to 31 March 2010	12 months to 31 March 2011	15 months to 31 March 2010
Goods and services:				
Transacted between operating entities within the company			3	7
Between the company and its subsidiaries			519	326
Transacted between subsidiaries within Tongaat Hulett	**322**	335		
Sales to external related parties		2		
Tongaat-Hulett Pension Fund contribution cost	**56**	65	49	57
Administration fees and other income:				
Transacted between operating entities within the company			9	16
Between the company and its subsidiaries			40	45
Transacted between subsidiaries within Tongaat Hulett	**129**	132		
Transacted with/between joint ventures within Tongaat Hulett	**1**	7		
Paid to external related parties	**4**	4		
Interest paid:				
Transacted between operating entities within the company			21	39
Between the company and its subsidiaries			9	12
Transacted with/between joint ventures within Tongaat Hulett	**2**	6		
Interest received:				
Transacted between operating entities within the company			379	496
Between the company and its subsidiaries			5	90
Transacted between subsidiaries within Tongaat Hulett	**99**	48		
Transacted with/between joint ventures within Tongaat Hulett	**1**	3		
Sales of fixed assets:				
Between the company and its subsidiaries				3
Loan balances:				
Transacted between operating entities within the company			4 489	4 305
Between the company and its subsidiaries			786	962
Pension Fund Loan - Employer Surplus Account	**97**	89	97	89
Dividends received:				
Between the company and its subsidiaries			105	137
Transacted between subsidiaries within Tongaat Hulett	**100**	130		

Other related party information:

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

Directors - refer to notes 33 and 34

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

32. RETIREMENT BENEFITS

Pension and Provident Fund Schemes

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

Defined Benefit Pension Scheme

There is one defined benefit scheme in South Africa for employees that previously covered The Tongaat-Hulett Group Limited and in 2010/11 covered Tongaat Hulett and Hulamin. This scheme is actuarially valued at intervals of not more than three years using the projected unit credit method. The actuarial valuation of The Tongaat-Hulett Pension Fund as at 31 December 2009 revealed an actuarial surplus, a portion of which was allocated to the employer surplus account in the Fund with the balance remaining in the Fund. The allocation to the employer surplus account, which was approved by the trustees in August 2010, was split between the participating employers, Tongaat Hulett and Hulamin, as in the past, proportionate to their share of the liabilities in the Fund at the valuation date. Consequently an amount of R129 million (2010: R79 million) was recognised in the results to 31 March 2011, net of the employer contribution holiday for the period. The employer surplus account is being utilised for a contribution holiday and, within the regulatory framework, there is a “loan” from the pension fund to the company in respect of the employer surplus account.

An actuarial valuation of liabilities, based on the existing benefits, carried out as at 31 March 2011 in accordance with IAS 19 Employee Benefits, showed the present value of the obligations to be adequately covered by the fair value of the scheme assets.

Following the unbundling of Hulamin from The Tongaat-Hulett Group in 2007, The Tongaat-Hulett Group Pension Fund was required to be split between the employers and the manner in which the funds proceed following the unbundling also needed clarity, as reported previously. In December 2010 approval was granted by the trustees for the filings with the Financial Services Board (FSB) on the detail and basis of the splitting of the old fund into two new funds - one for Tongaat Hulett and one for Hulamin. The split of the fund between Tongaat Hulett and Hulamin is now clear and the financial position of the Tongaat Hulett portion of the fund is also determinable.

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

The application of these standards confirm the recognition of the amounts previously allocated to the Tongaat Hulett Employer Surplus Account in the Fund and recognised in Tongaat Hulett’s financial statements.

A further accounting recognition was required for the year ended 31 March 2011. IFRIC 14 and AC 504 specify the criteria to be used in determining the amount to be recognised which represents the difference between the estimated future IAS 19 service cost / contribution rate and the actual actuarially determined contribution rate over a relevant period. The period for this valuation was 12 years. An amount of R288 million has been recognised in profit in respect of this “defined benefit pension fund asset”, being a gross asset amount of R294 million less R6 million as a provision in respect of amounts payable to third parties in due course. If the valuation period used were to vary by 3 years, then the value of the asset would change by approximately R30 million, either way.

32. RETIREMENT BENEFITS continued

	31 March 2011 Rmillion
Details of the IAS 19 valuation of the Fund from 1 January 2011 to 31 March 2011 are as follows:	
Fair value of fund assets	
Balance at 1 January 2011	4 632
Expected return on scheme assets	101
Benefits paid	(42)
Actuarial loss	(29)
Balance at end of year	4 662
Present value of defined benefit obligation	
Balance at 1 January 2011	3 480
Current service cost	23
Interest cost	76
Benefits paid	(42)
Actuarial loss	(18)
Balance at end of year	3 519
Fund assets less member liabilities	1 143
Employer surplus account	(216)
	927
Defined benefit pension fund asset	(296)
Asset restriction	631
Amounts recognised in the company's statement of financial position:	
Non-current assets:	
Defined benefit pension fund asset	296
Unrecognised actuarial gains	(2)
	294
Employer surplus account	216
Less current portion included in accounts receivable	(81)
	135
Current assets:	
Employer surplus account	81
Total amount recognised in the company's statement of financial position	510
The net asset is reconciled as follows:	
Employer surplus account	225
Initial recognition at take-on date	294
Net expense recognised in the income statement	(7)
Prepayment recognised	512
Unrecognised actuarial gains	(2)
Net asset at end of year	510
Amounts recognised in the income statement for the 3 months ended 31 March 2011:	
Service costs	23
Interest costs	76
Expected return on scheme assets	(101)
Net actuarial losses recognised	9
	7

32. RETIREMENT BENEFITS continued

Defined Benefit Pension Scheme continued

Asset information	**31 March 2011 Rmillion**
Equities	**2 844**
Fixed interest bonds	**793**
Property	**93**
Cash and other	**932**
	4 662
Included in the assets of the scheme are ordinary shares held in Tongaat Hulett Limited, stated at fair value	**142**
Actual return on scheme assets	**72**

The principal actuarial assumptions (with December 2010 comparatives) are:

Discount rate	**9,10%**	(8,75%)
Salary cost and pension increase	**6,25%**	(5,88%)
Expected rate of return on assets	**9,10%**	(8,75%)

Experience gains and (losses) on:

Plan liabilities:	**28**
Percentage of the present value of the plan liabilities	**0,8%**
Plan assets:	**(29)**
Percentage of plan assets	**(0,6%)**

Estimated contributions payable in the next financial year

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

Basis used to determine the rate of return on assets

The expected rate of return on assets has been calculated using the discount rate at the beginning of the period, 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.

Defined Contribution Pension and Provident Schemes

The latest audited financial statements of the defined contribution schemes, including the scheme in Swaziland, reflect a satisfactory state of affairs. Contributions of R28 million were expensed during the period (2010: R27 million).

Zimbabwe Pension Funds

The post-retirement benefit provisions for the Zimbabwe operations at 31 March 2011 amount to R185 million (March 2010: R245 million), including the post-retirement medical aid and the retirement gratuity provisions.

32. RETIREMENT BENEFITS continued

Post-Retirement Medical Aid Benefits

In the South African operations, the obligation to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employee remaining in service until retirement and completing a minimum service period of ten years. In Mozambique, Acucareira de Xinavane subsidises the medical contributions in respect of its pensioners. Included in the consolidated amounts for the current year are the post-retirement medical benefits for the Zimbabwe employees.

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

	Consolidated		Company	
	2011	2010	2011	2010
	Rmillion	Rmillion	Rmillion	Rmillion
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**361**	346	314	289
Unrecognised actuarial losses	**(38)**	(42)	(60)	(53)
Net liability in balance sheet	**323**	304	254	236
The liability is reconciled as follows:				
Net liability at beginning of year	**304**	223	236	223
Subsidiaries consolidated		77		
Currency alignment	**(6)**	(17)		
Net expense recognised in income statement	**47**	46	38	36
Contributions	**(22)**	(25)	(20)	(23)
Net liability at end of year	**323**	304	254	236
Amounts recognised in the income statement:				
Service costs	**6**	6	3	3
Interest costs	**34**	33	25	25
Net actuarial losses recognised	**7**	7	10	8
	47	46	38	36
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	**9,10%**	9,00%	9,10%	9,00%
Mozambique	**9,25%**	11,00%		
Zimbabwe	**15,00%**	15,00%		
Health care cost inflation rate				
South Africa	**7,00%**	6,50%	7,00%	6,50%
Mozambique	**6,25%**	8,00%		
Zimbabwe	**13,50%**	13,50%		
Sensitivity of healthcare cost trend rates:				
1% increase in trend rate - effect on the aggregate of the service and interest costs	**1**	2	1	1
1% increase in trend rate - effect on the obligation	**43**	41	36	33
1% decrease in trend rate - effect on the aggregate of the service and interest costs	**1**	1		
1% decrease in trend rate - effect on the obligation	**35**	34	30	27
Estimated contributions payable in the next financial year	**24**	22	22	20
Experience gains / (losses):				
On plan liabilities	**4**	3	(5)	(9)
Percentage of the present value of the plan liabilities	**1,1%**	0,9%	(1,6%)	(3,1%)

32. **RETIREMENT BENEFITS** continued

Retirement Gratuities

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

	Consolidated		Company	
	2011 Rmillion	2010 Rmillion	2011 Rmillion	2010 Rmillion
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**107**	155	80	71
Unrecognised actuarial losses	**(10)**	(10)	(12)	(10)
Net liability in balance sheet	**97**	145	68	61
The liability is reconciled as follows:				
Net liability at beginning of year	**145**	55	61	55
Subsidiaries consolidated		105		
Currency alignment	**(4)**	(23)		
Net expense recognised in income statement	**(39)**	16	11	11
Payments made	**(5)**	(8)	(4)	(5)
Net liability at end of year	**97**	145	68	61
Amounts recognised in the income statement:				
Service costs	**6**	7	4	4
Interest costs	**10**	7	6	6
Net actuarial losses recognised	**1**	2	1	1
Reduction of provision	**(56)**			
	(39)	16	11	11
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	**9,10%**	9,00%	9,10%	9,00%
Zimbabwe	**15,00%**	15,00%		
Salary inflation rate				
South Africa	**7,00%**	6,50%	7,00%	6,50%
Zimbabwe	**12,50%**	12,50%		
Estimated contributions payable in the next financial year	**8**	11	5	4
Experience losses:				
On plan liabilities	**(1)**	2	(4)	2
Percentage of the present value of the plan liabilities	**(0,9%)**	1,3%	(5,0%)	2,8%

33. DIRECTORS' EMOLUMENTS AND INTERESTS (R000)

Executive Directors' Remuneration

The directors' remuneration for the **12 months ended 31 March 2011** was as follows:

Name	Cash Package	Bonus*	Retirement and medical contributions	Total
Executive directors:				
B G Dunlop	3 209	1 053	361	4 623
M H Munro	3 018	1 087	354	4 459
P H Staude	5 775	2 599	615	8 989
	12 002	4 739	1 330	18 071

The directors' remuneration for **15 months ended 31 March 2010** was as follows:

Name	Cash Package	Bonus*	Retirement and medical contributions	Total
Executive directors:				
B G Dunlop	3 629	1 600	408	5 637
M H Munro	3 306	1 508	391	5 205
P H Staude	6 407	3 850	686	10 943
	13 342	6 958	1 485	21 785

Share incentive gains on awards exercised and settled:

	12 months to 31 March 2011	15 months to 31 March 2010
Executive directors:		
B G Dunlop	807	3 314
M H Munro	837	768
P H Staude	7 919	5 132
	9 563	9 214

Remuneration of the three highest paid executives, other than directors was:

	12 months to 31 March 2011
Average of the three executives:	
Cash package	2 857
Bonus*	884
Retirement and medical contributions	360
	4 101
Share incentive gains	1 689

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

33. DIRECTORS' EMOLUMENTS AND INTERESTS (R000) continued

Directors' remuneration continued

Name	12 months to 31 March 2011 Fees	Other	Total	15 months to 31 March 2010 Fees	Other	Total
Non-executive directors:						
F Jakoet	**223**	**206**	**429**	227	143	370
J John	**223**	**229**	**452**	227	197	424
R P Kupara	**223**		**223**	87		87
J B Magwaza	**801**	**79**	**880**	601	64	665
A A Maleiane	**223**		**223**	65		65
T V Maphai (to 8 March 2011)	**173**		**173**	227		227
T N Mgoduso (from 21 May 2010)	**173**	**27**	**200**			
M Mia	**223**	**272**	**495**	227	322	549
N Mjoli-Mncube	**204**	**261**	**465**	227	191	418
T H Nyasulu (to 27 July 2010)	**68**		**68**	227		227
C B Sibisi	**223**	**92**	**315**	227	64	291
R H J Stevens	**204**		**204**	227	6	233
Directors who retired/resigned during the year				486	154	640
	2 961	**1 166**	**4 127**	3 055	1 141	4 196

Declaration of full disclosure

Other than that disclosed above, no consideration was paid to, or by any third party, or by the company itself, in respect of services of the company's directors, as directors of the company, during the year ended 31 March 2011.

Interest of directors of the company in share capital

The aggregate holdings as at 31 March 2011 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are direct and beneficial except where indicated otherwise.

Name	2011	2010
Executive directors:		
B G Dunlop	**49 646**	46 145
M H Munro	**38 847**	32 320
P H Staude	**175 957**	132 606
	264 450	211 071
Non-executive directors:		
J B Magwaza	**12 111**	11 901
R H J Stevens	**600**	590
Directors who resigned during the year		600
	12 711	13 091

34. EMPLOYEE SHARE INCENTIVE SCHEMES

The adoption of IFRS 2 Share-based Payment (IFRS 2) in 2005 required that all awards made after 7 November 2002 be accounted for in the financial statements of the company. IFRS 2 has therefore been applied to The Tongaat-Hulett Group Limited 2001 Share Option Scheme in respect of the awards made on 14 April 2003, 1 October 2003 and 21 April 2004 and to the 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 the SARS grants of 2005 and 2006 and the original share options for its own employees using Tongaat Hulett shares. It will settle the outstanding share scheme instruments that arise after the award adjustments for its own employees, by purchasing Tongaat Hulett shares in the market, or by issuing Tongaat Hulett shares. The benefit for the 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.

Expiring ten years from	Option price (Rand) Apportioned		Number of options at 31 March 2010		Options exercised 2010/11		Options lapsed/forfeited 2010/11		Number of options at 31 March 2011	
	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin
19 May 2000	22,91	7,09	1 000	2 500	1 000	2 500				
12 January 2001	30,44	9,41	8 200	9 800	8 200			9 800		
16 May 2001	30,55	9,45	81 900	97 700	36 900	11 000			45 000	86 700
15 August 2001	32,08	9,92	3 500	3 500	3 500					3 500
13 May 2002	37,88	11,72	128 500	177 200	30 100				98 400	177 200
14 April 2003	24,37	7,53	129 600	149 700	57 606	4 800			71 994	144 900
1 October 2003	26,35	8,15	30 000	30 000					30 000	30 000
21 April 2004	35,90	11,10	284 800	401 200	61 000		900	6 800	222 900	394 400
			667 500	871 600	198 306	18 300	900	16 600	468 294	836 700

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 (2010: R11,14 and R16,06).

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

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

Exercise price	The exercise price is the share price at grant date, as noted above, allocated between Tongaat Hulett and Hulamin.
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: R33,42 (2010: R32,85) and Hulamin component R10,33 (2010: R10,29)
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	28 months (2010: 34 months)
- Contractual	120 months

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Share Appreciation Right Scheme 2005

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

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

Expiring seven years from	Grant price (Rand) Apportioned Tongaat Hulett	Grant price (Rand) Apportioned Hulamin	Number of rights at 31 March 2010 Tongaat Hulett	Number of rights at 31 March 2010 Hulamin	Rights granted in 2010/11 Tongaat Hulett	Rights exercised in 2010/11 Tongaat Hulett	Rights lapsed/forfeited in 2010/11 Tongaat Hulett	Rights lapsed/forfeited in 2010/11 Hulamin	Number of rights at 31 March 2011 Tongaat Hulett	Number of rights at 31 March 2011 Hulamin
10 May 2005	43,98	13,60	476 432	646 075		157 839	3 793	9 096	314 800	636 979
22 April 2006	73,39	22,70	677 670	812 848		126 907	6 254	12 019	544 509	800 829
20 August 2007	88,84		1 122 029			149 755	23 902		948 372	
25 April 2008	92,74		1 258 873			4 052	24 628		1 230 193	
22 May 2009	75,06		1 558 579			10 648	39 308		1 508 623	
31 May 2010	97,49				1 249 127		10 368		1 238 759	
			5 093 583	1 458 923	1 249 127	449 201	108 253	21 115	5 785 256	1 437 808

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

Exercise price	The share price at grant date, as noted above.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2010 award: 7,71% (2009 award: 7,66%, 2008 award: 8,75%, 2007 award: 8,19%, 2006 award: 7,22%, 2005 award: 8,09%).
Expected volatility	Expected volatility of 26,78% (2009: 28%, 2008 and 2007: 27% and 2006 and 2005: 35%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,5% was used for the 2010 award (2009 award: 3,5%, 2008 and 2007 award: 3,44%, 2006 award: 4,00%, 2005 award: 3,92%).
Weighted average share price	As above.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is not allowed from the 2010 award onwards.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Estimated fair value per right at grant date	2010 award: R20,00 (2009 award: R12,54, 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	2010 award: 74 months (2009 award: 62 months, 2008 award: 49 months, 2007 award: 41 months, 2006 award: 25 months, 2005 award: 13 months).
- Contractual	84 months.

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Long Term Incentive Plan 2005

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

Expiring three years from	Issue price (Rand)	Number of conditional awards 31 March 2010	Conditional awards granted in 2010/111	Conditional awards settled in 2010/11	Conditional awards lapsed/ forfeited in 2010/11	Number of conditional awards at 31 March 2011
20 August 2007	88,84	119 876		75 228	44 648	
25 April 2008	92,74	117 483				117 483
22 May 2009	75,06	151 739				151 739
31 May 2010	97,49		171 916			171 916
		389 098	171 916	75 228	44 648	441 138

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

Exercise price	The share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2010 award: 7,6% (2009 award: 5,82%, 2008 award: 9,22% and 2007 award: 8,81%).
Expected volatility	Expected volatility of 28,57% for the 2010 award (2009 award: 26,73%, 2008 award: 23,46% and 2007 award: 24,49%) 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 2,5% was used for the 2010 award (2009 award: 3,5%, 2008 award: 3,56% and 2007 award: 3,50%).
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	2010 award: R46,55 (2009 award: R40,76, 2008 award: R56,82 and 2007 award: R46,28).
Weighted average remaining life:	
- Expected	2010 award: 26 months (2009 award : 14 months and 2008 award: 1 month).
- Contractual	36 months.

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Deferred Bonus Plan 2005

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

Expiring three years from	Issue price Rand	Number of conditional awards at 31 March 2010	Conditional awards granted in 2010/11	Conditional awards settled in 2010/11	Number of conditional awards at 31 March 2011
1 March 2008	88,75	28 936		28 936	
2 March 2009	74,72	46 586			46 586
3 March 2010	97,32	39 651			39 651
4 June 2010	100,40		10 768		10 768
		115 173	10 768	28 936	97 005

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

Share price at grant date	The price at which the deferred bonus share is issued, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
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	June 2010 award: R81,18 (March 2010 award: R78,34, 2009 award: R60,69 and 2008 award: R71,33).
Weighted average remaining life:	
- Expected	June 2010 award: 26 months (March 2010 award: 23 months, 2009 award: 11 months).
- Contractual	36 months.

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

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

Interest of directors of the company in share-based instruments

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

The Original Share Option Schemes

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

		Option price (Rand) Apportioned		Number of options at 31 March 2010		Options lapsed in 2010/11	Number of options at 31 March 2011	
Name	Expiring ten years from	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Hulamin	Tongaat Hulett	Hulamin
Executive directors:								
B G Dunlop	21 April 2004	35,90	11,10		1 100			1 100
M H Munro	14 April 2003	24,37	7,53	4 900	4 900		4 900	4 900
	1 October 2003	26,35	8,15	30 000	30 000		30 000	30 000
	21 April 2004	35,90	11,10	32 000	32 000		32 000	32 000
				66 900	66 900		66 900	66 900
P H Staude	13 May 2002	37,88	11,72		17 000			17 000
	21 April 2004	35,90	11,10		28 000			28 000
					45 000			45 000
Non-executive director: *								
J B Magwaza	12 January 2001	30,44	9,41		1 600	1 600		
	16 May 2001	30,55	9,45		6 000			6 000
	13 May 2002	37,88	11,72		6 000			6 000
					13 600	1 600		12 000
Total				66 900	126 600	1 600	66 900	125 000

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

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

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

Share Appreciation Right Scheme 2005

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

Name of executive director	Expiring seven years from	Grant price (Rand) Apportioned Tongaat Hulett	Grant price (Rand) Apportioned Hulamin	Number of rights at 31 March 2010 Tongaat Hulett	Number of rights at 31 March 2010 Hulamin	Rights granted in 2010/11 Tongaat Hulett	Rights exercised in 2010/11 Tongaat Hulett	Number of rights at 31 March 2011 Tongaat Hulett	Number of rights at 31 March 2011 Hulamin	Rights time constrained Tongaat Hulett
B G Dunlop	10 May 2005	43,98	13,60		40 597				40 597	
	22 April 2006	73,39	22,70	23 737	23 737			23 737	23 737	
	20 August 2007	88,84		25 382				25 382		
	25 April 2008	92,74		27 276				27 276		27 276
	22 May 2009	75,06		32 736				32 736		32 736
	31 May 2010	97,49				25 698		25 698		25 698
				109 131	64 334	25 698		134 829	64 334	85 710
M H Munro	10 May 2005	43,98	13,60	21 185	21 185			21 185	21 185	
	22 April 2006	73,39	22,70	20 472	20 472			20 472	20 472	
	20 August 2007	88,84		23 830				23 830		
	25 April 2008	92,74		25 807				25 807		25 807
	22 May 2009	75,06		30 857				30 857		30 857
	31 May 2010	97,49				23 638		23 638		23 638
				122 151	41 657	23 638		145 789	41 657	80 302
P H Staude	10 May 2005	43,98	13,60	92 810	92 810		92 810		92 810	
	22 April 2006	73,39	22,70	62 082	62 082			62 082	62 082	
	20 August 2007	88,84		71 073				71 073		
	25 April 2008	92,74		75 720				75 720		75 720
	22 May 2009	75,06		91 120				91 120		91 120
	31 May 2010	97,49				74 289		74 289		74 289
				392 805	154 892	74 289	92 810	374 284	154 892	241 129

Long Term Incentive Plan 2005

Name of executive director	Expiring three years from	Original Issue price (Rand)	Number of conditional awards at 31 March 2010	Conditional awards granted in 2010/11	Conditional awards settled in 2010/11	Conditional awards lapsed in 2010/11	Number of conditional awards at 31 March 2011	Conditional awards time constrained
B G Dunlop	20 August 2007	88,84	8 503		5 336	3 167		
	25 April 2008	92,74	7 592				7 592	7 592
	22 May 2009	75,06	9 421				9 421	9 421
	31 May 2010	97,49		10 160			10 160	10 160
			25 516	10 160	5 336	3 167	27 173	27 173
M H Munro	20 August 2007	88,84	7 991		5 015	2 976		
	25 April 2008	92,74	7 181				7 181	7 181
	22 May 2009	75,06	8 880				8 880	8 880
	31 May 2010	97,49		9 345			9 345	9 345
			24 052	9 345	5 015	2 976	25 406	25 406
P H Staude	20 August 2007	88,84	23 834		14 956	8 878		
	25 April 2008	92,74	21 142				21 142	21 142
	22 May 2009	75,06	26 316				26 316	26 316
	31 May 2010	97,49		29 475			29 475	29 475
			71 292	29 475	14 956	8 878	76 933	76 933

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

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

Deferred Bonus Plan 2005

Name of executive director	Expiring three years from	Original Issue price (Rand)	Number of conditional awards at 31 March 2010	Conditional awards granted in 2010/11	Conditional awards delivered in 2010/11	Number of conditional awards at 31 March 2011	Conditional awards time constrained
B G Dunlop	1 March 2008	88,75	2 730		2 730		
	2 March 2009	74,72	4 620			4 620	4 620
	3 March 2010	97,32	3 838			3 838	3 838
	4 June 2010*	100,40		1 031		1 031	1 031
			11 188	1 031	2 730	9 489	9 489
M H Munro	1 March 2008	88,75	3 337		3 337		
	2 March 2009	74,72	4 227			4 227	4 227
	3 March 2010	97,32	3 609			3 609	3 609
	4 June 2010*	100,40		979		979	979
			11 173	979	3 337	8 815	8 815
P H Staude	1 March 2008	88,75	11 219		11 219		
	2 March 2009	74,72	14 171			14 171	14 171
	3 March 2010	97,32	11 959			11 959	11 959
	4 June 2010*	100,40		3 272		3 272	3 272
			37 349	3 272	11 219	29 402	29 402

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

The share awards were made and exercised at various times and the average share price for the period was R103,09 (2010 : R87,65).

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

* These awards relate to the 3 month period to 31 March 2010.

35. BEE EMPLOYEE SHARE OWNERSHIP PLANS

The 7% BEE employee transaction comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP). An introduction to Tongaat Hulett's BEE equity participation is provided on page 74.

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

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

- The grant price of the shares allocated , plus the value of cash dividends paid to ESOP participants
- 80% of the market value (at the outset) of the shares issued in terms of the share appreciation right component of the MSOP
- 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 March 2011	Number of rights allocated at 31 March 2010	Rights allocated/ adjustments in 2010/111	Rights forfeited in 2010/11	Number of rights allocated at 31 March 2011
1 August 2007	28,90	5 422 829	3 549 955	296 155	95 080	3 751 030
1 February 2008	18,38		164 720		15 060	149 660
1 August 2008	17,92		197 350		15 240	182 110
1 February 2009	13,44		156 800		8 800	148 000
1 August 2009	26,88		110 655		8 270	102 385
1 February 2010	24,67		115 270		1 540	113 730
1 August 2010	23,44			56 600	2 060	54 540
1 February 2011	20,74			51 730		51 730
		5 422 829	4 294 750	404 485	146 050	4 553 185

35. BEE EMPLOYEE SHARE OWNERSHIP PLANS continued

Management Share Ownership Plan - Share Appreciation Right Scheme

Grant date	Estimated fair value per right Rand	Number of shares issued at 31 March 2011	Number of rights allocated at 31 March 2010	Rights allocated/ adjustments in 2010/11	Rights forfeited in 2010/11	Number of rights allocated at 31 March 2011
1 August 2007	19,80	3 296 657	1 354 850		16 800	1 338 050
1 February 2008	13,93		163 540			163 540
1 August 2008	14,79		166 720		10 230	156 490
1 February 2009	10,56		81 860		6 600	75 260
1 August 2009	24,83		68 380			68 380
1 February 2010	25,14		108 470		6 390	102 080
1 August 2010	30,69			61 640		61 640
1 February 2011	34,31			36 250		36 250
		3 296 657	1 943 820	97 890	40 020	2 001 690

Management Share Ownership Plan - Share Grant Scheme

Grant date	Estimated fair value per right Rand	Number of shares issued at 31 March 2011	Number of rights allocated at 31 March 2010	Rights allocated/ adjustments in 2010/11	Rights forfeited in 2010/11	Number of rights allocated at 31 March 2011
1 August 2007	64,00	1 021 422	419 500		5 200	414 300
1 February 2008	54,37		50 660			50 660
1 August 2008	57,39		51 610		3 160	48 450
1 February 2009	52,47		25 320		2 040	23 280
1 August 2009	79,10		21 160			21 160
1 February 2010	82,61		33 580		1 970	31 610
1 August 2010	94,68			19 100		19 100
1 February 2011	101,89			11 210		11 210
		1 021 422	601 830	30 310	12 370	619 770

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 2010 award: 7,29% and 1 February 2011 award: 6,16% (1 February 2009 award: 7,96%, 1 August 2009 award: 7,97%, 1 February 2010 award: 7,57%, 1 August 2008 award: 10,06%, 1 February 2008 award: 9,62% and 1 August 2007 award: 8,45%) .
Expected volatility	The weighted average expected volatility is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years. 1 August 2010 award: 23,09% and 1 February 2011 award: 17,61% (1 February 2009 award: 34,45%, 1 August 2009 award: 29,19%, 1 February 2010 award: 29,47%, 1 August 2008 award: 28,14%, 1 February 2008 award: 28,25% and 1 August 2007 award: 27,00%.
Dividend yield	The dividend yield on valuation date is based on broker forecasts from the financial information vendor, McGregor BFA. 1 August 2010 award: 4,36% and 1 February 2011 award: 2,82% (1 February 2009 award: 4,96%, 1 August 2009 award: 3,77%, 1 February 2010 award: 3,93%, 1 August 2008 award: 4,84%, 1 February 2008 award: 4,88% and 1 August 2007 award: 4,60%).
Expected early exercise	Not applicable.
Time constraints	Five years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.

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

Employee Share Ownership Plan - Share appreciation right scheme	
Exercise price	R92,90 plus cash dividends to be received over the life of the scheme.
Expected dividends	A weighted average dividend yield was used.
Management Share Ownership Plan - Share appreciation right scheme	
Exercise price	R74,32.
Expected dividends	Nil.
Management Share Ownership Plan - Share grant scheme	
Exercise price	Nil.
Expected dividends	Nil.

FIVE YEAR REVIEW

FINANCIAL STATISTICS	**12 months to 31 March 2011**	15 months to 31 March 2010	12 months to 31 December 2008	12 months to 31 December 2007	12 months to 31 December 2006 Restated *
TRADING RESULTS (Rmillion)					
Revenue	**9 681**	11 136	7 106	6 395	5 110
Profit from operations	**1 338**	1 691	1 132	838	726
Other net income	**268**	1 996#	40	3 012^	83
Operating profit	**1 606**	3 687	1 172	3 850	809
Net financing (costs)/income	**(472)**	(452)	(280)	(119)	88
Share of associate company's (loss)/profit	**(2)**	1			(4)
Profit before tax	**1 132**	3 236	892	3 731	893
Tax	**(261)**	(208)	(212)	(288)	(238)
Minority shareholders	**(38)**	(130)	(31)	(28)	(1)
Discontinued operation - Hulamin unbundling				42	69
Net profit attributable to shareholders	**833**	2 898	649	3 457	723
Headline earnings attributable to shareholders	**806**	858	583	61	703
SOURCE OF CAPITAL (Rmillion)					
Shareholders' interest	**4 800**	4 573	3 059	2 735	3 293
Minority interests in subsidiaries	**840**	870	276	223	56
Equity	**5 640**	5 443	3 335	2 958	3 349
Deferred tax	**1 365**	1 272	582	673	605
Borrowings - long and short-term	**4 275**	3 180	2 585	1 387	500
Non-recourse equity-settled BEE borrowings	**761**	787	792	812	
Provisions	**510**	546	279	261	247
Capital employed	**12 551**	11 228	7 573	6 091	4 701
EMPLOYMENT OF CAPITAL (Rmillion)					
Property, plant, equipment, investments and intangibles	**7 934**	7 969	5 032	3 525	2 642
Growing crops	**2 608**	2 041	742	353	212
Defined benefit pension fund asset	**294**				
Long-term receivable	**135**		196	203	203
Inventories, receivables and derivative instruments	**3 170**	3 218	3 358	3 150	2 452
Cash and cash equivalents	**350**	140	229	396	162
Total assets	**14 491**	13 368	9 557	7 627	5 671
Current liabilities (excluding short-term borrowings)	**1 940**	2 140	1 984	1 536	970
	12 551	11 228	7 573	6 091	4 701
RATIOS AND STATISTICS					
EARNINGS					
Headline earnings per share - (cents)	**760,5**	826,5	565,6	58,1	666,4
Dividends per share - (cents)	**250,0**	275,0	310,0	310,0	550,0
Dividend cover - (times)	**3,0**	3,0	1,8	0,2	1,2
PROFITABILITY					
Operating margin	**13,8%**	15,2%	15,9%	13,1%	14,2%
Return on capital employed	**11,5%**	19,3%	18,8%	17,0%	16,3%
Return on equity	**14,5%**	19,5%	18,5%	1,9%	21,2%
FINANCE					
Debt to equity	**75,8%**	58,4%	77,5%	46,9%	14,9%
Net debt to equity	**69,6%**	55,9%	70,6%	33,5%	10,1%
Current ratio	**0,72**	0,80	1,07	1,41	1,25
SHARES					
Shares in issue - (millions) - issued	**105**	104	103	103	107
- weighted	**106**	104	103	105	105
Market capitalisation - Rmillion	**10 238**	10 679	6 556	9 167	11 938
Value of shares traded - Rmillion	**3 173**	12 490	1 609	4 218	3 512
Net asset value per share - (cents)	**4 571**	4 410	2 963	2 655	3 089
Share price - (cents) - balance sheet date	**9 749**	10 300	6 350	8 900	11 200
- high	**11 000**	10 628	10 250	15 000	11 400
- low	**9 300**	6 260	4 900	8 500	7 800
Volume of shares traded - (millions)	**34**	138	21	36	37

Other net income includes the gain of R1,969 billion arising on consolidation of the Zimbabwe subsidiaries during the period ended 31 March 2010.
^ Other net income includes the fair value adjustment of R3,348 billion relating to the investment in Hulamin prior to its unbundling in June 2007.
* Comparative figures for 2006 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, centrally accounted costs and consolidation items

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

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

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

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

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 excluding short-term borrowings.

QUICK RATIO
Current assets, excluding inventories, divided by current liabilities excluding short-term borrowings.

NET ASSET VALUE PER SHARE
Shareholders' interest divided by the number of ordinary shares at year end.

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

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

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT

20 May 2011

The Directors
Tongaat Hulett Limited
P O Box 3
TONGAAT
4400

Dear Sirs

Independent Reporting Accountants' Assurance Report on the Pro Forma Financial Information of Tongaat Hulett Limited
We have performed our limited assurance engagement in respect of the unaudited 12 month period ended 31 March 2010 comparative pro forma income statement and segmental result information which is to be included in Tongaat Hulett Limited's SENS announcement of results and as an annexure to the company's 31 March 2011 annual financial statements. The pro forma financial information as set out in the enclosed Annexure 1 has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide certain comparative financial information as a consequence of the change in Tongaat Hulett Limited's prior year reporting period from December, to a 15 month period ended 31 March 2010.

Directors' responsibility
The directors are responsible for the compilation, contents and presentation of the pro forma financial information to be contained in the company's SENS announcement of results and annual financial statements and the financial information from which it has been prepared. Their responsibility includes determining that: the pro forma financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Tongaat Hulett Limited; and the pro forma adjustments are appropriate for the purposes of the pro forma financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility
Our responsibility is to express our limited assurance conclusion on the comparative pro forma financial information included in the SENS announcement of results and as an annexure to the company's 31 March 2011 annual financial statements. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on Pro Forma Financial Information issued by SAICA.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion
We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed
Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the pro forma adjustments in light of the accounting policies of Tongaat Hulett Limited, considering the evidence supporting the pro forma adjustments and discussing the adjusted pro forma financial information with the directors of the company.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of Tongaat Hulett Limited and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion
Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of the section 8.17 and 8.30 of the JSE Listings Requirements:

- the pro forma financial information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of the issuer, and
- the adjustments are not appropriate for the purposes of the pro forma financial information as disclosed.

Consent
We consent to the inclusion of this report, which will form part of the SENS announcement of results, to be issued on or about 30 May 2011, and as an Annexure to the company's 31 March 2011 annual financial statements, in the form and context in which it will appear.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per JAR Welch
Partner

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

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

Regional Leader: GC Brazier

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

PRO FORMA INCOME STATEMENT AND SEGMENTAL RESULTS

for the 12 months ended 31 March 2010

INCOME STATEMENT

Rmillion	(1) Unadjusted Audited 15 months to 31 March 2010	(2) Actual 3 months 1 January 2009 to 31 March 2009	(3) (1) - (2) Pro forma 12 months to 31 March 2010
REVENUE	11 136	2 347	8 789
Profit from operations	1 691	191	1 500
Capital profit on land	52		52
Capital profit on insurance claim	13		13
BEE IFRS 2 charge and transaction costs	(35)	(9)	(26)
Zimbabwe consolidation take-on gain	1 969	1 969	
Valuation adjustments	(3)	1	(4)
Operating profit	3 687	2 152	1 535
Share of associate company's profit	1	1	
Net financing costs	(452)	(87)	(365)
Profit before tax	3 236	2 066	1 170
Tax	(208)	(50)	(158)
Net profit for the period	3 028	2 016	1 012
Profit attributable to:			
Shareholders of Tongaat Hulett	2 898	2 013	885
Minority (non-controlling) interest	130	3	127
	3 028	2 016	1 012
Headline earnings attributable to Tongaat Hulett shareholders	858	43	815
Earnings per share (cents)			
Net profit per share			
Basic	2 791,6	1 952,4	856,2
Diluted	2 736,0	1 912,4	839,1
Headline earnings per share			
Basic	826,5	41,7	788,5
Diluted	810,0	40,9	772,7
Dividend per share (cents)	275,0	-	275,0

SEGMENTAL ANALYSIS

	(1)	(2)	(3)
REVENUE			
Starch operations	2 778	535	2 243
Land Conversion and Developments	274	14	260
Sugar			
Zimbabwe operations	1 636	311	1 325
Swaziland operations	134	1	133
Mozambique operations	463	16	447
SA agriculture, milling and refining	4 285	1 137	3 148
Downstream value added activities	1 566	333	1 233
Consolidated total	11 136	2 347	8 789
PROFIT FROM OPERATIONS			
Starch operations	301	50	251
Land Conversion and Developments	187	(7)	194
Sugar			
Zimbabwe operations	576	58	518
Swaziland operations	63	12	51
Mozambique operations	192	51	141
SA agriculture, milling and refining	158	22	136
Downstream value added activities	226	26	200
Centrally accounted and consolidation items	(12)	(21)	9
Consolidated total	1 691	191	1 500

Notes

(1) Unadjusted audited results for the 15 months ended 31 March 2010.
(2) Unaudited results for the 3 months from 1 January 2009 to 31 March 2009 based on complete management account information for the 3 months ended 31 March 2009 prepared in terms of IFRS.
(3) Pro forma results for the 12 months to 31 March 2010, being column 1 minus column 2, which represents the unaudited pro forma comparative income statement for the 12 months to 31 March 2010.
(4) This pro forma statement is the responsibility of the Tongaat Hulett directors, who are satisfied with its quality, and has been prepared for comparative purposes only arising from the change in the company's previous financial year end. As per the JSE Limited Listings Requirements, para 8.18 : this information is prepared for illustrative purposes and because of its nature, it may not fairly present the financial results of the company for the pro forma reporting period.
(5) The reporting accountants' report from Deloitte & Touche on the pro forma financial information is set out in the annual financial statements and forms part of the SENS announcement of results.

SHARE OWNERSHIP ANALYSIS

at 31 March 2011

Number of shareholders	Spread	Shares held	% Held
7 690	1 - 1 000 shares	2 818 413	2,02
2 857	1 001 - 10 000 shares	7 860 394	5,62
504	10 001 - 100 000 shares	15 954 275	11,40
144	100 001 - 1 000 000 shares	42 371 129	30,30
17	more than 1 000 000 shares	70 855 854	50,66
11 212	Total	139 860 065	100,00
	Category		
94	Banks	5 660 309	4,05
2	BEE TH Infrastructure and yoMoba SPVs	25 104 976	17,95
2	BEE Share Ownership Plans	9 740 908	6,97
125	Close Corporations	183 772	0,13
110	Endowment Funds	746 289	0,53
7 693	Individuals	7 924 803	5,66
38	Insurance Companies	2 385 858	1,71
56	Investment Companies	3 396 447	2,43
2	Issuer's Retirement Funds	1 461 674	1,05
20	Medical Aid Funds	385 789	0,27
181	Mutual Funds	31 227 470	22,33
2 143	Nominees and Trusts	6 508 305	4,65
83	Other Corporations	189 710	0,14
349	Pension Funds	41 873 402	29,94
295	Private Companies	1 428 492	1,02
17	Public Companies	1 542 981	1,10
2	Share schemes	98 880	0,07
11 212	Total	139 860 065	100,00
	Type of shareholder		
	Non-public		
5	Directors and associates of the company	277 161	0,20
4	BEE entities	34 845 884	24,92
2	Share schemes	98 880	0,07
2	Issuer's retirement funds	1 461 674	1,05
13	Total non-public	36 683 599	26,24
11 199	Public	103 176 466	73,76
11 212	Total	139 860 065	100,00
	Beneficial shareholdings over three percent		
	Public Investment Corporation (GEPF)	20 757 045	14,84
	BEE - TH Infrastructure SPV (Pty) Ltd	13 947 209	9,97
	Allan Gray	12 600 093	9,01
	BEE - yoMoba SPV (Pty) Ltd	11 157 767	7,98
	Investment Solutions	7 208 817	5,15
	Tongaat Hulett BEE Employee Share Ownership Plan	5 422 829	3,88
	Tongaat Hulett BEE Management Share Ownership Plan	4 318 079	3,09

CORPORATE INFORMATION

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

Company Secretary

M A C Mahlari

Business and Postal Address

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

Telephone: +27 32 439 4019
Facsimile: +27 31 570 1055
Website: www.tongaat.co.za
E-mail: info@tongaat.co.za

Attorneys

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

Independent External Auditors

Deloitte & Touche

Internal Auditors

KPMG

Sponsor

Investec Bank Limited
100 Grayston Drive
Sandown
Sandton 2196

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 Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

SHAREHOLDERS' DIARY

Financial year end		31 March
Annual general meeting		July
Reports and profit statements:		
Interim results		November
Annual results and final dividend declaration		May
Annual financial statements		June
Dividends:		
Interim	Declared	November
	Paid	January
Final	Declared	May
	Paid	July

NOTICE TO SHAREHOLDERS

Notice is hereby given that the one hundred and nineteenth annual general meeting of shareholders will be held at the Corporate Office, Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal on Friday 29 July 2011 at 09h00.

Order of business

1. To receive and adopt the annual financial statements of the company for the year ended 31 March 2011
2. To re-appoint Deloitte & Touche (with Wentzel Moodley as designated auditor) as external auditors.
3. To elect directors in place of B G Dunlop, F Jakoet, N Mjoli-Mncube and M H Munro, who retire by rotation in terms of article 61 of the articles of association and who, being eligible, offer themselves for re-election. Motions for re-election will be moved individually. Details of each of these retiring directors are set out in pages 53 to 55 of the integrated annual report.
4. To elect the Audit and Compliance committee in terms of the Companies Act, 2008 as amended. The committee will comprise a minimum of three members. The proposed members of the committee are J John (Chairman), F Jakoet, R P Kupara and M Mia. Details of each of these committee members are set out in pages 53 to 54 of the integrated 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 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
   2.1 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; and
   2.2 is subject to compliance with the requirements of sections 46 and 48 of the Companies Act 2008.
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. acquisitions will not be undertaken by the company or its subsidiaries during a prohibited period, as defined by the JSE Listings Requirements;
7. 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;
8. 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;

9. 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;
10. 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 integrated annual report on the page references as follows:

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

There have been no material changes since 31 March 2011.

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 integrated 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 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, including for scrip dividend distribution or capital funding optimisation if appropriate, 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 July 2011 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 (including for the reasons explained in ordinary resolution number 2), 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.

Special Resolution Number 2

"Resolved as a special resolution that the remuneration, as set out in the table below, to be paid to directors for their service as directors of the company for the ensuing year, 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 from 29 July 2011 to 2012 AGM

Type of fee	Existing annual fees		Proposed annual fees from 29 July 2011 to the 2012 AGM	
	Annual Fixed/Retainer Fee R	Attendance Fee Per Meeting R	Annual Fixed/Retainer Fee R	Attendance Fee Per Meeting R
Tongaat Hulett Board:				
Chairman	508 200	67 760	559 020	74 535
Non-Executive Directors	143 895	19 185	158 285	21 105
Audit and Compliance Committee:				
Chairman	143 895	31 975	155 405	34 535
Non-Executive Directors	71 955	15 985	77 710	17 265
Remuneration Committee:				
Chairman	114 805	25 500	123 990	27 540
Non-Executive Directors	57 400	12 750	61 990	13 770
Risk & SHE Committee				
Chairman	114 805	25 500	123 990	27 540
Non-Executive Directors	57 400	12 750	61 990	13 770

Any special Board committee meeting, if required, would earn the same fees as the Remuneration Committee or Risk & SHE Committee.

Sections 66(8) and (9) of the Companies Act 2008 provide that the company may pay remuneration to its directors for their service as directors in accordance with a special resolution approved by the shareholders.

Special Resolution Number 3

The company acts, *inter alia,* as treasury manager to its subsidiary and associate companies providing financial assistance, including in the form of inter-company loans and the guaranteeing of their debts, as and when appropriate in the course of business. The new Companies Act requires the following:

"Resolved as a special resolution that the directors be and are hereby granted the authority, subject to and as required in terms of the provisions of section 45 of the Companies Act 2008, as amended, to authorise the company to provide direct or indirect financial assistance (as defined in the Companies Act) that the directors may deem fit to any related or inter-related company or corporation of the company (as defined in the Companies Act), on the terms and conditions and for amounts that the directors may determine."

Prior to the commencement of the Companies Act 2008 on 1 May 2011, the directors were entitled in general to authorise the company to provide such financial assistance without the need to obtain shareholder approval. The above special resolution number 3 grants the directors the authority (in place for a period of two years from the date of its adoption) now required by the Companies Act to authorise the company to provide financial assistance for purposes of funding group activities. It does not authorise the provision of financial assistance to a director or prescribed officer of the company.

In order for this special resolution number 3 to be adopted, the support of at least 75% (seventy-five per cent) of the voting rights exercised on the resolution is required.

Non-binding advisory vote

"Resolved to endorse, through a non-binding advisory vote, the company's remuneration policy and its implementation as set out in the Remuneration report contained on pages 50 to 51 of the integrated annual report."

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 Friday 22 July 2011. The completion of a proxy form will not preclude a member from attending the meeting.

By order of the Board

M A C Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal
26 May 2011

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 J B Magwaza 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 Friday 29 July 2011 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 (with Mr W Moodley as designated auditor).			
Re-election of directors:			
B G Dunlop			
F Jakoet			
N Mjoli-Mncube			
M H Munro			
Election of Audit & Compliance Committee until the next AGM			
F Jakoet			
J John			
R P Kupara			
M Mia			
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.			
Special Resolution Number 2 authorising the remuneration payable to directors for their service as directors of the company.			
Special Resolution Number 3 giving authority to directors to authorise the company which acts, inter alia, as treasury manager to its subsidiaries and associates, to provide funding assistance as per Section 45 of the new Companies Act.			
Non-binding advisory vote endorsing the company's remuneration policy.			

Signed this .... day of.................................. 2011 Signature ....

Completed forms of proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Friday, 22 July 2011.

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

United Kingdom: Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU.

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

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

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

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

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