Tongaat Hulett

Integrated Annual Report 2012

Year Ended 31 March

Contents of the Integrated Annual Report for the year ended 31 March 2012

SCOPE AND BOUNDARIES OF REPORT

This report covers Tongaat Hulett's strategy, governance, sustainability, operational and financial performance for the 12 months ended 31 March 2012 and comparable data for the prior period. It covers the starch, land conversion and developments, animal feeds and the sugar operations in South Africa, Mozambique, Zimbabwe, Botswana, Namibia and Swaziland.

Tongaat Hulett and it's Strategic Positioning

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 sugarcane and maize. Renewable energy, in the form of biofuel production and electricity generation, is of increasing importance to the business. The water-food-energy nexus is an evolving dynamic. Tongaat Hulett balances the operational requirement for sugarcane supplies to its cane processing operations with the transition of agricultural land to other uses at the appropriate times. The business is well placed to capitalise on emerging opportunities for expansion and growth in Africa, with unconstrained access to sugar markets, its independent position, established business platform and size.

Successfully managing 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 for all stakeholders. 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 important to the continuation of these relationships.

Tongaat Hulett, through its operations in six Southern African Development Community (SADC) countries, employs more than 42 000 employees during its peak milling season and conducts its business activities in a manner that seeks to create value on a sustainable basis, contributing 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 sugarcane are directed at producing ethanol as an effective carbon dioxide (CO_2) mitigation strategy and an alternative to crude oil based fuels. The fibre in sugarcane is increasingly being used for renewable electricity generation, providing additional revenue streams for producers in countries like Brazil and India. The global demand for sugar continues to grow at an average of 2 percent per annum, which currently equates to 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 global sugar fundamentals, using the business's SADC based sugar operations and its preferential market access. The company's leading sugar brands and existing distribution networks will enable Tongaat Hulett to benefit from the growing per capita consumption of sugar in the SADC region.

The business continues to focus on increasing the supply of sugarcane to its operations in Mozambique, South Africa and Zimbabwe as it progresses its strategic objective of producing more than 2 million tons of raw sugar per annum using its existing milling capacity. The acquisition of the Mozambique operations followed the end of two civil wars, and in 2009/10 the company completed a R1,5 billion investment through the expansion of its Xinavane operation. Cane supply to the South African operations had previously, been adversely affected by the less favourable global sugar revenue dynamics that existed. In addition, inadequate investments in root replanting, over an extended period of time, and the severe drought in the 2010/11 season had substantially impacted on the supply of cane to the South African mills. In Zimbabwe, Tongaat Hulett acquired its shareholding in the 320 000 ton per annum, Hippo Valley Estate, in December 2006. The turbulent macro-economic fundamentals in the country up to the end of 2009 had a significant impact on both private farmer and company operations. Tongaat Hulett has made substantial investments in the refurbishment of its Zimbabwean milling and agricultural operations.

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 is to expedite an increase in sugarcane supplies in order to increase its existing sugar production of 1,15 million tons in the 2011/12 year, to some 1,73 million tons sugar by the 2014/15 year, and subsequently grow its sugar production to its installed milling capacity of more than 2 million tons sugar per annum. With the high fixed cost element of milling costs and the fact that some 78 percent of farming costs are linked to the number of hectares planted, this growth in sugar production will lead to a substantial reduction in the unit cost of production. Numerous cane supply initiatives that include the development of indigenous sugarcane farmers 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

Umhlanga Ridge

KwaZulu-Natal. The sugar mills at Maidstone, Darnall, Amatikulu and Felixton have an installed capacity to produce more than 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.

The company's animal feeds operation, Voermol Feeds, is located at the Maidstone mill and the business manufactures and markets a range of energy and supplementary feeds to the livestock farming community through its Voermol® brand. Through cost effective production and marketing of high quality products over the past 50 years, combined with the development of long-term relationships with farmers, agricultural companies and suppliers, Voermol Feeds has become the market leader in the molasses based animal feed industry in South Africa.

The Mozambique sugar operations consist of the expanded sugar mills and estates surrounding Xinavane and Mafambisse. There were 24 386 hectares of Tongaat Hulett owned and leased land, under cane, available for harvest as at 31 March 2012. Private farms supply cane from a further 2 127 hectares. Sugar production capacity at the Xinavane mill has increased to more than 230 000 tons in a 32 week crushing season. Together with the existing 92 000 tons of sugar production capacity at the Mafambisse mill, the Mozambique operations have the installed milling capacity to produce in excess of 330 000 tons sugar 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 strong growth in the future.

Located in the lowveld of Zimbabwe, with excellent topography, climate and established water storage and conveyance infrastructures for irrigation, recognised as a globally competitive sugar producer, the sugar operations consist of Triangle and a 50,3 percent stake in Hippo Valley Estates, representing a combined installed sugar milling capacity of more than 640 000 tons. As at 31 March 2012, the Zimbabwe operations comprised 29 125 hectares of sugarcane land with a potential to produce in excess of 3,0 million tons of sugarcane. Private farmers have been allocated 15 880 hectares of land with a potential to produce a further 1,4 million tons of cane per year. The Triangle and Hippo Valley sugar mills have a combined annual milling capacity of about 5,1 million tons of cane. After the refurbishment of the Hippo Valley refining capacity, the two sugar mills will have the ability to refine up to 140 000 tons sugar per annum. The Triangle Estates ethanol plant has an installed capacity of 40 million litres over a 48 week production season.

Tongaat Hulett's sugarcane estate in Swaziland is situated in the north-east of the country and comprises 3 840 hectares of fully irrigated estates. Tambankulu Estates is an agri-business based on two agricultural estates straddling the Umbuluzi River. The estate has consistently achieved excellent sucrose yields due to the good soils and growing conditions in the region and delivers its cane to the nearby Simunye and Mhlume sugar mills.

In Botswana, Tongaat Hulett has a 60 000 tons per annum packing and distribution operation and markets the leading Blue Crystal® sugar brand while the Namibian

Canelands, KwaZulu-Natal North Coast

operation has the capacity to pack and distribute 80 000 tons per annum using the market leading Marathon® brand.

RENEWABLE ENERGY

The need to create jobs and the challenge in electricity supply in South Africa, together with the carbon mitigation drive, is expected to continue to keep attention focused on the development of renewable energy. The development of renewable electricity continues to gain impetus from the looming power crises which South Africa faces over the next decade if it wishes to grow the economy significantly and generate the potential for job creation on the scale Government is targeting.

In the medium to long term, ethanol is perhaps the largest expansion opportunity which the sugar industry in SADC has and offers Governments of the region an excellent opportunity to create jobs and improve the lives of rural communities. If SADC were to follow the Brazilian model over the next 20 years, with 60 percent of petrol being derived from ethanol and all growth in demand captured by ethanol, it would require the construction of about 120 mills that have the capacity to produce 320 000 tons sugar per annum, create 1,8 million new direct jobs, and at least as many indirect jobs. The associated power generation would be equal to Medupi and Kusile combined, which equates to approximately 9 500 MW. For South Africa, it would provide between 13 and 25 percent of the required carbon footprint reduction needed to meet the target which the country committed to during COP 15 (Copenhagen, 2009). Unlike electricity generation, which can be started from a South African perspective, large scale ethanol production requires a regional ethanol regime. Some 70 percent of the market for ethanol lies in South Africa, with the bulk of the production potential lying within other SADC countries such as Mozambique, Zimbabwe, Zambia and Angola. The ideal starting point would be for the South African sugar industry to develop the necessary framework that would facilitate the industry converting its existing sugar exports on the World Sugar Market to ethanol. Tongaat Hulett is continuing to work with the South African Government to support the development of the South African framework and subsequently a wider SADC approach.

LAND FOOTPRINT

Tongaat Hulett's land footprint in the region provides the business with an opportunity to interact and partner with Governments and rural communities in the development of successful rural communities. To date, these partnerships have seen the company working with Governments and communities in Mozambique, South Africa and Zimbabwe in developing farming models with sugarcane as the primary crop and staple foods like maize and vegetables as secondary crops. The models include the provision of procurement support for key raw material inputs. As the company continues to work with its stakeholders in this area, further opportunities including the use of technology and improving the level of financial acumen of small-scale private farmers will be explored.

Tongaat Hulett's operational land footprint within the SADC region amounts to approximately 570 000 hectares. This footprint consists of some 281 000 hectares of land managed by Tongaat Hulett. Some 122 000 hectares of private grower land supplies cane to the four South African sugar mills, 15 880 hectares have been allocated to private farmers who supply the two Zimbabwe mills and 2 127 hectares to the two Mozambique mills. Approximately 150 000 hectares of private land under maize supply the four starch operations.

LAND CONVERSION

In South Africa, some 8 600 developable hectares (13 607 gross hectares) 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 sugarcane until the transition to development takes place.

Durban/eThekwini, South Africa's third largest city, with a current population of between 3,5 and 4 million people, continues to expand into Tongaat Hulett's land holdings to the north and west of the city. Current estimates indicate that over the next twenty years the population in the Durban/eThekwini metro will increase to between 6 and 7 million people. The King Shaka International Airport, with its ability to attract direct international flights and the development of the surrounding Dube Trade Port and Aerotropolis are providing further impetus for this growth. Over the past 13 years Tongaat Hulett's development operation has converted some 2 600 gross hectares (2 000 developable hectares) to property 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, increasing the number of hectares of land that are moving to becoming active developments, facilitating the requisite investment in bulk infrastructure and then converting the landholdings. This ongoing partnership is contributing to the growth and development of the region.

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 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, the company is well placed to benefit from increased demand.

The world is continuing to evolve in terms of the selection of a feedstock for the production of sweeteners, with both maize and sugarcane being suitable alternatives. Tongaat Hulett's significant investments in the production of sweeteners using both feedstocks will ensure that the business is well positioned to benefit from global developments in this area.

STAKEHOLDER VALUE CREATION

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.

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 focus on facilitating the development of successful indigenous private farmers. In keeping with this objective, the company has already seen the benefit of partnering with private farmer communities and BancABC in developing indigenous sugarcane farmers through its Successful Rural Sugar Cane Farming Community Project in Zimbabwe. Ensuring the viability and success of private farmers remains a critical success factor for the sugar mills. The provision of support to farmers includes ensuring; that suitable funding is in place, the supply of high quality seed cane varieties, planting of sugarcane and extension services for training and development to improve farming practices and the establishment of the necessary logistics and cane harvesting services to ensure that the cane is delivered to the mill.

Tongaat Hulett values the relationships that it has been able to establish with its shareholder base over the years. The business will continue to seek opportunities that will enable it to keep the investment community informed of its progress in delivering on its strategic objectives.

The company follows a philosophy of creating value for stakeholders 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, community and Government 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.

The safety and the welfare of all employees remains a key priority as the business strives towards establishing an organisational culture with a zero harm approach. Tongaat Hulett subscribes to principles of sustainable development, which encompass safety, health and environment. 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 eighth consecutive year are testimony to Tongaat Hulett's approach to sustainability and stakeholder value creation.

Landile Giyama taking a sample of in-process starch

Operations at a glance

Operations	Detail
Developments	*Land and Property developments operation based in La Lucia Durban.*
Starch	*Wet-milling operation. The largest producer of Starch and Glucose on the African continent.* **Mills:** Bellville, Germiston, Kliprivier, Meyerton, Chloorkop
Sugar	*Sugarcane farming, milling, refining and packing operations. Operates in six SADC countries.*
	Botswana – Tongaat Hulett Botswana (packing and distribution).
	Namibia – Tongaat Hulett Namibia (packing and distribution).
	Swaziland – Tambankulu Estates.
	Mozambique – Mafambisse Mill & Cane Estates and Xinavane Mill & Cane Estate.
	South Africa – Amatikulu, Darnall, Felixton, Maidstone, Agriculture, Refinery, Voermol.
	Zimbabwe – Hippo Valley Mill & Estates, Triangle Mill & Estates.
Amanzimnyama	Corporate office.

Sugarcane loading, Mafambisse

J B MAGWAZA
CHAIRMAN

OVERVIEW

I am pleased to present my statement as Chairman. Revenue and profits have grown significantly in the past year and very good progress has been made with many activities that contribute to the creation of value for all stakeholders of Tongaat Hulett, as detailed in this Integrated Annual Report.

DIVIDEND

The Board declared a final gross dividend of 170 cents per share. The final dividend, which together with the interim dividend of 120 cents per share, amounts to a total dividend of 290 cents per share for the financial year ended 31 March 2012.

SUSTAINABILITY

Tongaat Hulett's corporate citizenship initiatives extend beyond its own operations to the wider communities across the six countries within which it operates. The company employs over 42 000 employees (including seasonal employees) working with its customers, suppliers, partners, shareholders and other stakeholders. The company values the diverse contribution of its stakeholders to the business. In Mozambique and Zimbabwe, the company is the largest private sector employer and seeks to share knowledge and expertise to promote sustainable and responsible economic development in the SADC region.

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 the highest standards of safety and occupational health, regrettably there were two fatalities recorded during the year under review, which the CEO expands upon in his report. Our heartfelt condolences go out to all affected families, friends and colleagues.

Tongaat Hulett continues on an exciting journey to advance renewable energy initiatives, not only within a South African context but from a regional perspective. The CEO's review highlights in detail the significant progress made on this and other key strategic thrusts for the year to 31 March 2012.

As one of the region's leading agriculture and agri-processing businesses, Tongaat Hulett acknowledges that water is a key resource in its business. The company has a water policy and following its commitment last year, has become a signatory of the UN Global Impact CEO Water Mandate and will reflect on progress in the next report.

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.

SUCCESSFUL RURAL LIVING

Tongaat Hulett believes that strong rural economies are the key to sustainable and productive agriculture. The challenge of achieving long-term food security rests to some extent with farmers. To this end, Tongaat Hulett, in collaboration with respective governments in its areas of operation, is committed to contributing to building rural prosperity, and through its expertise, makes continuous efforts to help address various challenges faced by farmers such as productivity and sustainability, cost efficiency and quality, and demand as dictated by resource constraints. Its strategy of creating successful rural communities is expanded upon in the CEO's review and the Sustainability Report. The South African Government, in partnership with Tongaat Hulett, has committed R185 million until 2014 for comprehensive agricultural support, recapitalisation and development program and the planting of new cane and fertilizer inputs to communal lands.

BOARD AND GOVERNANCE

The Board, as the custodian of corporate governance, continues to maintain 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, the Companies Act 2008 and other pertinent legislation by which it is bound.

We were pleased to welcome Brand Pretorius who joined the Board as an independent non-executive director on 3 August 2011. Brand is a respected director of companies and brings with him a wealth of experience and insight to board deliberations.

Mac Mia, having served on the Tongaat Hulett Board since 1996, is due to retire by rotation with effect from the forthcoming annual general meeting on 27 July 2012 and will not be standing for re-election. On behalf of the Board, I thank Mac for the benefit of his experience and his contribution to the Board as a non-executive director, the Chairman of the Remuneration and Nomination Committees and a member of the Audit and Compliance Committee. I wish him success in his future endeavours.

APPRECIATION

Tongaat Hulett's shareholder base includes many Southern African and international long-term value institutional investors, and the support that they provide to the business as it continues to deliver on its strategic objectives is appreciated.

I conclude by recording my appreciation to the Board for its continued support and wise counsel. The Board joins me in thanking Peter Staude, the executive directors and the executive team for their hard work in managing the business and positioning it for greater success in the future. Finally, I also wish to express our sincere appreciation to all our stakeholders for their continued commitment and dedication to Tongaat Hulett.

J B MAGWAZA
CHAIRMAN

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2012


PETER STAUDE
CHIEF EXECUTIVE OFFICER

Chief Executive's Review

Tongaat Hulett's total sugar production for the 2011/12 year grew by 14% to 1,150 million tons. This included increases of 42% in Mozambique, 12% in Zimbabwe and 7% in South Africa. The cane supplied to all the sugar mills grew to 9,6 million tons, with significant momentum building in the various on-going cane supply initiatives. The starch operations benefitted from world competitive maize costs and improved co-product recoveries. An increasing number of hectares of land are moving towards becoming active developments, with the first sales of industrial land in Cornubia having been concluded in March 2012.

Revenue for the year of R12,081 billion was 24,8% above the prior year, mainly as a result of increased sugar production together with improved realisations in the regional and European Union sugar markets. The total profit from the various operating areas grew by 53% and exceeded R2 billion for the first time. Headline earnings grew to R891 million (2011: R806 million).

The year to 31 March 2012 has seen Tongaat Hulett making significant progress with a number of its key strategic thrusts. The company's achievements in the recent past provide a strong indicator of the benefits that will flow to the business and its stakeholders as it continues to deliver on its short and medium term targets:

Grow sugar production from the 1 million tons produced in recent seasons to the installed milling capacity which is in excess of 2 million tons per annum.

- Tongaat Hulett's strategy is to facilitate an increase in cane supplies to grow sugar production. New plantings in the past year increased the area under cane by 13 522 hectares and the replanting of existing roots is being accelerated for the benefit of future milling seasons. These additional hectares, together with improvements in cane yields and the cane to sugar ratio, will assist the business to grow its sugar production by more than 50 percent to some 1,73 million tons sugar by the 2014/15 season.
- Assuming normal weather conditions, it is anticipated that the extent of land being farmed in the 2014/15 season to supply Tongaat Hulett mills, will increase by some 20 percent to just over 233 850 hectares from the current season's 194 652 hectares. The land that is harvested for milling will grow by approximately 23 percent to just over 192 227 hectares from the current season's 155 677 hectares.
- One of the key requirements to increase the quantum of sugarcane supplies to the mills is the replacement of old roots. The South African and Zimbabwean operations still require extensive root replacement and therefore there will continue to be significant investments in new roots for at least the next 2 planting seasons. This intervention together with applying optimal farming practices will have a substantial impact on improving yields.
- Numerous cane supply initiatives are underway in the various sugar operations through leasing land, working with private farmers and collaborating with Governments to rehabilitate cane supply and land reform farms that have gone out of cane.
- By the 2014/15 season some 37 and 24 percent of the businesses sugarcane supplies for its Zimbabwe and Mozambique operations respectively will be supplied by land that is farmed by private farmers. In South Africa, the extent of land supplying Tongaat Hulett mills, that benefit from the company's direct involvement and mentoring will grow from 34 percent in the 2011/12 season to 47 percent in the 2014/15 season. During the same period the extent of hectares that is farmed by commercial farmers that supply Tongaat Hulett operations will remain fairly constant at just over 85 000 hectares.
- The increase in revenue that will flow to private farmers as they increase the supply of sugarcane to Tongaat Hulett mills will continue to have a positive impact on the towns and communities that surround company operations. During the year to 31 March 2012, R1,8 billion was paid to private farmers who supplied the business's sugar operations with cane.
- The extent of additional cane plantings is decided only once an assessment of the yields that can be achieved on the new hectares has been completed. Due to the nature of the sugarcane crop, the cash flow benefit from the subsequent raw sugar sales will be realised some 18-24 months after in the investment in roots.
- The focus remains on increasing the sugar that is contained in and extracted from the cane stalk, through improved farming practices, suitable fertilizer application, appropriate irrigation of cane, harvesting of cane at the correct age which is normally every 12-13 months and better mill performance.
- Between 85-90 percent of sugar milling costs are fixed and approximately 78 percent of agricultural costs are directly linked to the extent of hectares being farmed, while 15 percent are fixed. The business will continue to ensure that it optimises the tons

Cane crushing at Xinavane Mill

cane per hectare (tcph) that is derived from land that is under sugarcane. Loading and transport costs vary depending on the distance to the sugar mill, and generally mills are supplied by sugarcane that is farmed within a 100 kilometer radius. The growth in sugarcane supplies and subsequently sugar production will lead to a substantial reduction in the unit cost of production.

- Current estimates indicate that the construction of a greenfield irrigated sugar business, comprising both agricultural and milling operations for the production of 200 000 tons sugar per annum, with the power supply limited to milling operations, will require R4,8 billion of investment or R24 000 per ton of sugar.
- Tongaat Hulett anticipates that, assuming normal weather conditions, it will produce some 1,83 million tons sugar by the 2015/16 season. This equates to an increase of 685 000 additional tons of sugar production when compared to the 2011/12 production of 1,15 million tons. In order to achieve this targeted production a further investment of R1,8 billion by Tongaat Hulett and third parties will be required for investment in new and replacement roots, infrastructure spend on rural private farmer communities and upgrading of existing milling operations. This equates to an investment of some R2 627 per additional ton of sugar.

Significantly progress Tongaat Hulett's renewable energy initiatives to meet South Africa and the SADC region's need for agricultural development, job creation, energy security and climate change.

- Partner with SADC Governments to develop regulatory frameworks that will facilitate renewable electricity generation from sugarcane fibre and the production of ethanol from sugar on a commercial basis. In looking at both of these energy products, Tongaat Hulett continues to advocate a regional approach, which ultimately will support production in all of the countries in which the company operates.
- Progress is being made with the South African Government in terms of the procurement process for renewable electricity. Tongaat Hulett currently produces 52 MW at its 4 South African mills and this can be increased to between 320 MW - 360 MW. The capital cost of converting one sugar mill, together with making it energy efficient will currently cost some R3 billion.
- The development of a biofuel industry in the region is gathering momentum in various SADC countries. This could mean that in the future, a substantial portion of Tongaat Hulett's raw sugar exports are diverted to ethanol production. Converting the current South African Industry's export sugar would result in a 5 percent blend that is equivalent to 600 million litres of ethanol per annum. The South African fuel market is 12 billion litres of petrol per annum. If Tongaat Hulett converted 1 of its 4 South African mills to ethanol it would require an investment of approximately R700 million and would produce some 125 million litres per annum.

Maximise the speed and value to all stakeholders of land conversion from agricultural land to property development through a portfolio approach, including own developments, partnerships and bulk sales.

- Tongaat Hulett maximises the value of its landholdings to all stakeholders by optimising land use between agriculture supplying its agri-processing operations and other uses through its property development activities as competition for alternative land usage increases. The transition of prime land from agriculture to property development with the established conversion platform and expertise generates both capital and operating profits.

- All land sale options are evaluated on an ongoing basis and the concepts available for land sales continue to include bulk deals / partnerships / own developments.
- In South Africa, some 8 600 developable hectares (13 607 gross hectares) of company managed land have been identified for conversion to other uses when conditions are appropriate.
- A primary focus of the developments operation is to increase the number of hectares of land that are becoming active developments by aligning planning with Government policies and achieving EIA, zoning and other necessary approvals over significant portions of the land portfolio. The extent and pace of these processes has increased substantially and it is anticipated that by December 2014, Tongaat Hulett will have more than 1 000 developable hectares of zoned land, ignoring further land sales until that date.

Optimise the performance of the starch and glucose operation, maize procurement and production efficiencies.

- The structural changes taking place in international agricultural commodity markets have resulted in the improved competitiveness of the South African maize industry and consequently, Tongaat Hulett's starch operations. This operation can increase production, from installed milling capacity, by a further 20 percent, creating opportunities for growth into Africa.
- The key areas of focus for the starch operations remains on optimising production capacity, particularly in downstream channels and identifying further opportunities to improve plant efficiencies.

Assist with the development of small-scale private farmers thereby contributing to the creation of successful rural communities around the business's areas of operation.

- Tongaat Hulett is continuing in its efforts to grow the number of indigenous sugarcane farmers. In the 2011/12 season some 870 private farmers on 9 501 hectares in Zimbabwe supplied cane to the milling operations. In Mozambique, some 1 759 indigenous private farmers on 2 878 private and leased hectares supplied sugarcane to Tongaat Hulett operations.
- The company is continuing with its efforts to increase the support that it provides to small-scale sugarcane private farmers in South Africa, with the business's partnership through Operation Vuselela being an example of the model underway in order to contribute to skills transfer and the development of previously unemployed rural community members.

Continue to develop strong relationships with Tongaat Hulett's stakeholders.

- Tongaat Hulett has a shareholder base that includes many Southern African and international long-term value investors. The business has over many years established strong relationships with its shareholders, and continues to participate in both local and international roadshows in order to ensure that both current and potential shareholders are kept informed of developments within the company.

Starch and Glucose, Meyerton Mill

- As part of the company's Broad Based Black Economic Empowerment deal in 2007, the Ayavuna and Sangena consortiums, rural communities via the Masithuthukisane and Mphakhathi trusts and company employees via the ESOP and MSOP trusts, became shareholders of Tongaat Hulett. The ESOP and MSOP trusts are scheduled to vest in August 2012, while vesting of the remaining trusts is scheduled for August 2014.
- The business's South African operations are increasingly seeing that benefit that can be derived from working more closely with the commercial farmers who farmed 85 044 hectares of sugarcane land that supplied Tongaat Hulett mills during the 2011/12 season. During the year to 31 March 2012, the company implemented an R11,3 million scheme which assisted commercial farmers to replant some 1 612 hectares of land where the roots were older than 10 years.

Maximise the benefit of owning the leading sugar brands and strong distribution networks in the SADC region.

- The South African sugar market is the largest in the Southern African Customs Union (SACU) and the per capita consumption of sugar in South Africa has grown by 11 percent since 2006. Tongaat Hulett with its leading Huletts® brand is well positioned to continue benefiting from any further growth in domestic consumption.
- In Botswana, the company's leading Blue Crystal® brand has benefited from the 18 percent growth in per capita sugar consumption since 2006.
- The company's Marathon® brand is the leading sugar brand in Namibia.

Strive towards establishing an organisational culture with a zero harm approach.

- The Lost Time Injury Frequency (LTIFR) remained at 0,10 per 200 000 hours worked in 2011/12, and regrettably two employees lost their lives in two separate work related accidents. Robert Mpunzi and Inacio Elias Guambe, who were both employed as drivers lost their lives in incidents which occurred at the Triangle and Xinavane operations respectively.

Continue to make good progress in the areas of safety, health, environment, community and Government relationships.

- This, together with the commitment to sound corporate governance, is consistent with the principles embodied in the King III corporate governance framework.

FINANCIAL AND OPERATIONS REVIEW

Revenue grew to R12,081 billion (2011: R9,681 billion) with improved sugar volumes and realisations. The profit from the various operating areas increased to R2,006 billion (2011: R1,309 billion) reflecting the benefit of increasing utilisation of existing sugar milling capacity together with other advances across the business operations.

Profit from the starch operations increased by 20% to R363 million, compared to R303 million last year. Improved co-product revenues and local maize costs that were previously contracted below Chicago (CBOT) prices resulted in an improvement in starch and glucose processing margins. Manufacturing plant performance has continued to improve and sales volumes in the local market were 1,4% above last year.

MAIZE PROCUREMENT

The final maize crop estimate for the 2010/11 season amounted to 10,4 million tons (2009/10: 12,8 million tons). Higher international maize prices and global supply concerns encouraged an increase in the area planted to maize in South Africa to 2,70 million hectares (2010/11: 2,38 million hectares) in the current summer crop production season. The export drive during the prior season which reduced the levels of carry in stock combined with some damage that was reported due to dry conditions experienced during the growing season have resulted in a decline in maize stock to use ratios. The crop for the current season is estimated at 11,1 million tons which should ensure that supply exceeds local demand for a fifth consecutive season.

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 2012, and the requirements for the period July 2012 to May 2013 have been contracted.

Maize pricing is delinked from the physical supply utilising either a toll manufacturing arrangement or a back-to-back pricing approach. Utilising a combination of these methods, exposure to future movements in the maize price has been reduced with approximately 59 percent of the 2012/13 financial period's maize requirements forming part of the above pricing approaches at March 2012. The use of a third hedging mechanism, which secures the local price of maize at a level relative to the international price, was increased during the season. When the South African maize price trades at levels above those of the Chicago Board of Trade (CBOT), margins in the business come under pressure

LOCAL MARKET

Domestic starch and glucose volumes increased by 1,4% over the prior year with economic growth affected by the Euro zone issues and local consumer demand. Sectors which were worst affected, recording a decline in volumes, were the coffee creamer and canning sectors. These declines were compensated for by growth in the confectionary sector due to increased demand arising from the establishment of new local manufacturing facilities. The pharmaceutical sector reflected a 13,5% growth as sorbitol market share was recaptured from glycerine in the tooth paste manufacturing sector. Volumes in the trader sector grew by 46,7% with a renewed focus on replacing imports within this sector.

Starch and Glucose - Bellville Mill

New product development of high margin modified food starches in the domestic and export market is continuing with commercialisation planned for the second half of 2012. The development of starch-based adhesives continued and reflected growth of 21,7% over the previous year. Extension of the range of starch based adhesives for sacks and laminates is continuing.

COST MANAGEMENT, EFFICIENCIES AND CAPACITY UTILISATION

On-going management focus on all areas of manufacturing efficiency, particularly the areas of energy usage and steam generation, yielded positive results and resulted in cost reductions. The replacement of some major items of capital equipment is scheduled for completion during the first quarter of the new financial year and further gains are expected because of this work. A benchmarking exercise to highlight further opportunities commenced during the latter part of the year.

The Zimbabwe sugar operations generated profit of R621 million (US$84 million) compared to the previous year of R454 million (US$63 million). Sugar production in Zimbabwe increased by 12% to 372 000 tons (2011: 333 000 tons), with the majority of the increase coming from Hippo Valley. The business benefitted from higher export realisations.

Xinavane Mill

In Zimbabwe, Tongaat Hulett has embarked on a comprehensive private farmer rehabilitation programme named Successful Rural Sugar Cane Farming Community Project (SusCo). The joint patrons of the project are the Vice President of Zimbabwe, the Honourable Joice Mujuru and the Tongaat Hulett CEO. The goal of the SusCo Project is to facilitate private farmers, with the support and expertise of Tongaat Hulett, to increase their supply of sugarcane. The project will re-establish the private farmer sugarcane production area from its current 9 501 hectares to 15 880 hectares with an anticipated improvement in yields from 59 tcph to at least 90 tcph by the 2014/15 season. BancABC in Zimbabwe has provided funding through the establishment of a 4-year revolving US$30 million financing scheme for the sugarcane farmers. For the 12 months to 31 March 2012, 3 476 new and replant hectares were planted to cane under the auspices of the SusCo project. In addition, private famers using their own funding lines planted a further 1 974 new and replant hectares to cane.

The SusCo project is an example of Tongaat Hulett's commitment to meaningful stakeholder value creation, and demonstrates the value that can be derived from partnering with Governments and rural communities. The direct beneficiaries of the project include hundreds of private sugarcane farmers from the Hippo Valley, Triangle and Mkwasine Mill Group areas. As a result of the project, the number of people employed by private farmers will increase from approximately 3 600 employees, currently employed, to some 6 300 employees.

In addition to Tongaat Hulett's initiatives in this area, the European Union Adaptation Funding Programme provided €9,2 million to rehabilitate infrastructure and the replanting of 1 200 hectares of private farmer cane in Zimbabwe. During the 12 months ended 31 March 2012, 874 hectares were planted to cane, with a further 80 hectares scheduled to be planted during the 2012/13 season.

Profit from the Mozambique sugar operations grew by 198% to R402 million (2011: R135 million), with sugar production having grown by 42% to 233 000 tons (2011: 164 000 tons). Following the previous expenditure on establishing the cane, it is now being harvested and the sugar produced and sold, with the operating cash flow in Mozambique having increased by more than R400 million over the previous year. The operations benefitted from higher export realisations and domestic prices in line with regional pricing levels.

The Mozambique operations saw substantial growth in sugar production as a result of the increase in hectares being harvested at improved cane yields. For the year to 31 March 2012, 24 555 hectares were harvested and delivered with a cane yield of 80,4 tcph. As the business continues to focus on the Cane Yield and Sucrose Improvement Plans at its operations, it is anticipated that the hectares milled will grow to 26 849 hectares with a cane yield of 93,6 tcph in the 2014/15 season.

Sugarcane farm in KwaZulu-Natal

At Xinavane estate a total of 2 598 hectares on privately owned and leased land is under sugarcane for small and medium scale farmers for delivery of cane, to its factory for crushing. The areas are comprised of groups and/or associations of farmers. Prior to the recently completed private grower developments there have been four long standing associations with a total of 478 hectares under sugarcane that had been developed under government-supported donor projects. These schemes have 366 members with an average of 1,3 hectares between them. 5 Medium scale farmers on 375 hectares of land, supply cane to the Xinavane Mill.

As part of its sugar production expansion program which commenced in 2007 Xinavane has supported and funded the development of new sugarcane farmers on the surrounding community lands comprising 12 new associations with a total area of 1 365 hectares and 8 medium scale farmers with a total of 380 hectares. The 12 small scale farmers' associations have 1 373 members, who each own a share of land ranging from 0,4 to 3,5 hectares. The size of the medium scale farms range from 14 to 45 hectares. The lands for the small and medium scale farmers are now fully developed and planted and is being managed by estate staff in the initial phase to allow training and skills development of the local farmers before they take over the management of their farms. 108,5 hectares has also been developed for food crops under full irrigation as part of a food security initiative.

Sugarcane field - KwaZulu-Natal North Coast

The Mafambisse operation has 7 private farmers supplying cane from 280 hectares of land.

Operating profit from the South African sugar operations including the downstream sugar value added activities increased by 51% to R354 million (2011: R234 million). Raw sugar production increased by 7% to 486 000 tons (2011: 455 000 tons). The gap between the hectares under cane and the hectares milled was unusually large as a result of the substantial cane root planting following the drought in the previous two years and the approximate 15 month lead time required from planting to first harvesting. New cane planting driven by Tongaat Hulett in the last year totalled 8 687 hectares, following the 9 696 hectares planted in the previous two years. Sales by Tongaat Hulett into the local market increased by 10%. Tongaat Hulett's share of industry production increased from 23% to 26%.

The operation's sugarcane planting interventions were primarily driven through planting initiatives on communal land that involved seed cane subsidies, Project Vuselela (revival in Zulu) as well as leases and farm management contracts on commercial farms. The company has identified additional expansions of the area under cane, with at least 9 506 hectares being planned for the 2012/13 planting period. The land under sugarcane supplying Tongaat Hulett mills is targeted to reach 159 259 hectares by the 2014/15 season. The average yield during the 2011/12 season was 47,3 tons cane per hectare milled and management have targeted to increase yields to 55,9 tons cane per hectare milled by the 2014/15 season, assuming normal weather conditions.

Tongaat Hulett has signed a three year partnership agreement with the National Department of Rural Development and Land Reform to rehabilitate some 65 land reform farms in the Tongaat Hulett cane catchment area. In terms of the agreement, the Government will contribute some R66,6 million over the partnership term, and during the period to 31 March 2012, some R34,9 million was received to fund activities related to the rehabilitation process.

Operating profit in the South African agriculture, sugar milling and refining operations started recovering and improved to R93 million (2011: loss of R7 million). The various downstream sugar value added activities recorded profit of R261 million (2011: R241 million). The

Voermol animal feeds operation experienced pressure on sales volumes and margins.

In Swaziland, the Tambankulu sugar estate's operating profit recovered to R51 million (2011: R17 million), returning to 2009/10 levels. The raw sugar equivalent production increased to 59 000 tons (2011: 54 000 tons), with higher cane yields and sucrose content being achieved. Export pricing levels improved, as did exchange rates. Tongaat Hulett acquired the business in 1998 and for the year to 31 March 2012, the operation achieved its highest recorded yields, sucrose content and sugar production.

In the land conversion and development activities, various sales strategies (bulk sale, partnership or own development) are constantly reviewed for each land holding and implemented as appropriate. Offers for bulk and semi-bulk land sales received over the past two years that did not represent optimal value were turned down. Revenue was generated from 22 developable hectares sold in Cornubia and a further 20 developable hectares that were sold primarily in the Umhlanga Ridge, Zimbali, Bridge City and Izinga areas. **Operating profit grew by 30% to R215 million (2011: R166 million) with a further R3 million in capital profits (2011: R23 million) being realised.**

Tongaat Hulett has over an extended period of time developed the necessary skill and expertise required to enhance the value of land as it transitions from agricultural land to property development. Preparing agricultural land to becoming an active development requires a number of overlapping processes involving local, provincial and national Government departments. These include strategic spatial planning by the local authorities, framework planning, environmental impact assessments, rezoning, release from agriculture and from mining, water licencing by the department of water affairs, confirmation of all necessary bulk infrastructure and sub-divisional approvals.

The "centrally accounted and consolidation items" component of the income statement reflects the effect of the pension fund employer surplus account allocation of 2010/11 not being repeated in 2011/12. **Profit from operations, after centrally accounted items, grew by 43,6% to R1,921 billion.**

Finance costs increased to R507 million from R472 million in the 2011/12 year and are commensurate with the level of borrowings.

Operating cash flow, before working capital, improved by R863 million to R1,757 billion for the year. This follows the previous absorption of cash in the various expansion and on-going sugar cane establishment programs. The net cash outflow, after dividends, of R293 million reflected an improvement of R534 million over the prior year. Tongaat Hulett's net debt at 31 March 2012 was R4,404 billion. A first long-term bond issuance of R750 million was successfully concluded.

Total net profit was R1,021 billion (2011: R871 million). The gain in respect of the pension fund accounting of R288 million and the R129 million employer surplus account allocation in the prior year did not arise again in the current year. The minority shareholders' interests increased to R132 million (2011: R38 million) as a result of higher profits at the sugar milling operations in Mozambique and at Hippo Valley in Zimbabwe. Headline earnings were R891 million, compared to the R806 million earned in the prior year.

The Board has declared a final dividend of 170 cents per share, bringing the annual dividend to 290 cents per share (2011: 250 cents per share).

CONCLUSION

OUTLOOK

Tongaat Hulett's drive to increase the cane available for its mills is continuing to build momentum (including hectares under cane, yields and cane quality), towards fully utilising its existing milling capacity of more than 2 million tons of sugar. At full capacity utilisation, sugar production would increase by more than 75% over the 1,150 million tons of the 2011/12 season. Unit costs will benefit substantially from increasing volumes and yields, as milling costs are mostly fixed and many of the agricultural costs are fixed per hectare, countering the effect of current cost pressures including wage increases.

The strategy to increase cane supply in South Africa is focused on commercial farmers, small scale farmers and increasing Tongaat Hulett's influence in cane development through leasing additional land and collaborating with Government to rehabilitate cane supply on land reform farms that have gone out of cane. The gap between hectares under cane and hectares milled will remain a feature of the next three years as a result of accelerated root replanting to improve cane age, generate better yields and increase the crop's ability to withstand variable weather conditions. Hectares available for milling in 2012/13 will increase as a result of the 9 696 hectares which were planted in the 2009/10 and 2010/11 years. The additional 8 687 hectares that were planted in the 2011/12 season in the catchment areas of Tongaat Hulett's South African mills will largely be harvested for the first time in the 2013/14 season.

Magistrate Court, Bridge City (Ntuzuma, KwaZulu-Natal)

Co-operation between the Zimbabwe Government, the eastern lowveld communities and Tongaat Hulett is focused on the "Successful Rural Sugar Cane Farming Community" project. Some 15 900 hectares have been allocated to approximately 870 indigenous farmers. In this past season, these farmers delivered 532 000 tons of cane (equivalent to 65 000 tons of sugar) from some 9 000 hectares. The target is to uplift this to over 1,4 million tons of cane (equivalent to 180 000 tons of sugar) from the available hectares, with the pace of planting new roots being targeted to average some 4 000 hectares per annum. It is thus pleasing that some 6 000 hectares were planted in the 2011/12 year. This, together with Tongaat Hulett's improvement of its own agricultural yields, is key to achieving the target of increasing sugar production in Zimbabwe to full milling capacity of some 640 000 tons per annum.

Sugar production in Mozambique is expected to grow by a further 30% over the next three years to above 310 000 tons per annum together with a reduction in unit costs.

High levels of South African maize exports in the past season and dry weather conditions during the current maize season have resulted in local maize prices rising to levels slightly above international maize prices and this is expected to place some pressure on starch margins. Exposure to future movements of the maize price in the forthcoming year has been reduced with 59% of maize requirements having been priced with customers or hedged below the international maize price.

Tongaat Hulett has targeted some 8 600 developable hectares (13 607 gross hectares) for development in South Africa. There are on-going processes on most of the developable land to enhance its usage and value to all stakeholders. The extent and pace of planning, in collaboration with Government, has increased substantially. Cornubia industrial (80 hectares still to be sold) and Sibaya node 1 (49 hectares) have recently become available for sale. Tongaat Hulett continues to explore bulk land sale opportunities within its land holdings. The exact timing of land sales, including bulk sales, remains variable in the current economic climate.

Overall, as one of the main drivers of revenue and earnings, sugar production is expected to increase by between 12% and 25% in the 2012/13 season. It is anticipated that regional sugar prices will be stable and export realisations into the European Union should remain attractive, with the business's direct exposure to the more volatile world sugar market being of the order of 10%. Tongaat Hulett's financial results remain sensitive to movements in exchange rates, which impact particularly on export realisations and the conversion of profits from Zimbabwe and Mozambique into Rands.

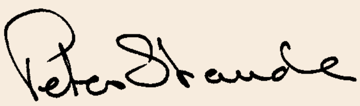
The future revenue stream would benefit significantly from electricity and ethanol developments. Tongaat Hulett continues to interface with Government towards establishing an appropriate regulatory framework for both electricity generation and ethanol production from sugarcane.

ACKNOWLEDGMENTS

I would like to acknowledge and pay tribute to the more than 42 000 employees who on a daily basis give their energy, effort and commitment to Tongaat Hulett as the business endevours to deliver on its strategic thrusts. Tongaat Hulett's 27 sites include a significant agricultural and agri-processing footprint in the rural areas of Mozambique, Swaziland, Zimbabwe and the North Coast of KwaZulu-Natal and the company is cognisant of the many farming and rural communities who are directly impacted by our operations. The business is committed to working together with private farmers, rural communities and Governments to grow our contribution to stakeholder value creation.

Tongaat Hulett regularly interfaces with the investment community and the business values the support that it has received from its existing long-term shareholders as it progresses the delivery of its strategic objectives.

The ongoing support and guidance that we have received from the Board is highly valued. Our appreciation is extended to Mac Mia for the contribution that he has made during his 15 years on the board. Tongaat Hulett is in the fortunate position that it has a Chairman of the quality and calibre of JB Magwaza. His calmness and insight on a number of strategic matters continue to highlight the contribution that he is making to the business.



PETER STAUDE

CHIEF EXECUTIVE OFFICER

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2012

Mafambisse Sugar Mill, Mozambique

Sustainability

ACHIEVEMENTS

- Tambankulu Estate, Swaziland received a NOSCAR Award
- New plantings in the past year increased the area under sugarcane by 13 522 hectares
- Mafambisse sugar mill in Mozambique received a Gold Award in the Manufacturing Sector - NOSA Eastern Regional Awards
- Hippo Valley, in Zimbabwe was awarded the NANGO award for Excellence in fighting HIV AIDS
- Tongaat Hulett is the largest private sector employer in Mozambique and Zimbabwe
- Maintained an LTIFR of 0,10 per 200 000 hours worked

PRIORITIES

- Facilitating the development of indigenous sugarcane farmers in order to create successful rural economies in the regions that the company operates
- Working with indigenious private farmers to develop a SADC appropriate farming model that will facilitate food security
- Energy Efficiency and Reduction of Greenhouse Gas Emissions
- Water Resource Management
- Focus on safety improvement
- Continued focus on Food Safety and Food Security

STRATEGY AND ANALYSIS

Tongaat Hulett is a significant regional player in agriculture and agri-processing, working with communities, Governments and other partners to meet some of the Southern African Development Communities pressing challenges including job creation, food security and the provision of energy and clean water. The business has a responsibility to operate with a long-term view that takes into account how its decisions and actions impact on the communities, habitats, and resources associated with company operations. Stakeholder value creation is taking on greater significance within Tongaat Hulett's business objectives and consequently is driving the business to operate in an increasingly sustainable manner. This approach underpins the manner in which the company develops and operates its emerging projects, existing facilities and the way it manages its supply chains. There is consequently direct benefit to the company and its stakeholders as the improvement in management's performance and operational efficiency enables it to reduce risks that could impact the realisation of the business' strategic goals.

With a significant number of the business operations being located in rural communities including Mozambique, Swaziland, Zimbabwe and the North Coast of KwaZulu Natal, there is a strong commitment to facilitate successful indigenous farmers in these areas. Tongaat Hulett is continuing to work with these communities as they strive to identify farming models best suited to SADC. At this stage, small-scale farmers working in cooperatives are increasingly seeing the benefits that can be derived from farming sugarcane on a large scale, while at the same time their basic food requirements are being ensured by way of farming staple foods like maize and vegetables around their sugarcane crop. The company works with its private farmer communities and provides extensive support by way of farming techniques and the provision of agricultural supplies including fertilizer for both sugarcane and other staple food crops. An example of this is the business's partnership with the KZN Department of Economic Development and Tourism (KZN DED&T) in developing black sugar cane farmers through its Operation Vuselela project (vuselela meaning 'revival' in Zulu) on the North Coast of KwaZulu-Natal.

The business has identified that it can and does play a key role in the socio-economic development of rural communities. As the company continues to progress its contribution in this area, it remains aligned to the objectives of Governments who are increasingly requiring that the private sector contribute to the social well-being of rural communities.

The protection of the environment is a key element of 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. The business 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.

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 expect that Tongaat Hulett will act in a fair and responsible manner. The company recognises its responsibility to contribute to the health and safety of employees and the principles of fairness, integrity and respect are core to dealing with employees, in as much as the company is committed to minimising adverse impacts on the environment. Regular reviews of existing initiatives and measurements of performance are the norm.

South Africa hosted COP17 in Durban from the 28 November to 9 December 2011 with more than 25 000 delegates from 193 countries drawn largely from governments, business and academia attending the convention. Many more converged on KwaZulu-Natal to attend the many side events and exhibitions timed to coincide with the United Nations climate change conference. Tongaat Hulett participated in COP17 through its association with the National Business Initiative (NBI). The event provided an opportunity for the company to showcase its products and activities to a global audience and demonstrate its commitment towards transforming its operations to a low carbon future.

Tongaat Hulett stand at COP17 Durban

The company is in its third year of focusing on the following key strategic sustainability related parameters:

- Contributing to the development of successful rural communities, including indigenous farmers of sugarcane and other staple food crops, within the areas that surround business operations .
- Training and support for private farmers on better farming practices, resourceful land use to ensure food security. This includes training youth from rural sugarcane communities on relevant agronomy techniques.
- Effectively managing the opportunities and risks created by climate change and responsible carbon management .
- Ensuring that management continues to be empowered to address sustainability in all facets of the business.
- Managing water resources and increasing resource efficiency in a responsible manner.
- Playing an active role in the renewable energy sector in the region.
- Ensuring that its products meet required food safety standards.
- Creating sustainable cities, towns and rural settlements.
- Creating operational efficiencies, cost management and effective procurement.

The attainment of these parameters is underpinned by the company's employees who play a substantial role in implementing various strategies over the medium term. In order to ensure that Tongaat Hulett delivers on its strategic objectives, the company will continue to create an enabling environment that allows high performing employees to excel, while offering equal opportunities for growth and development. The company is on an evolving journey to play a significant role in transforming the region and meeting future growth opportunities in a sustainable manner. To this end, Tongaat Hulett has created 4 382 job opportunities since 2007 (41 777 employees as at 31 March 2012, 37 395 as at 31 December 2007).

KEY IMPACTS, RISKS AND OPPORTUNITIES

The current operating environment has many challenging and changing elements, especially in the context of the global economy, peculiar localised dynamics and evolving environmental and social factors. Maximising the emerging opportunities from these risks is possible

KEY IMPACTS	RISKS	OPPORTUNITIES
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 and becoming an employer of choice.
Workplace Safety	Unsafe working environments and inadequate safety awareness can lead to a 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 dynamics.
Food Safety	The company's reputation may be adversely impacted if manufacturing processes are inappropriate.	The company's third party certifications, for example HACCP/GMP ensures the application of leading production processes.

once the appropriate risk mitigation strategies and processes have been developed and implemented. Further information regarding the business's approach to risk management has been included in the governance section of this report.

REPORTING BOUNDARIES

Following the most recent integrated annual report, published for the period 1 April 2010 to 31 March 2011, 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 2012. Tongaat Hulett's geographical presence is contained on page 8 of this integrated annual report.

For the reporting period, wherever possible, quantitative performance data for key sustainability indicators is provided. Due to the shift from a 15-month reporting period in 2009/10 period, it has been decided that the 2011 data will become the baseline for comparative purposes.

The 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

The company is an 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.

Tongaat Hulett has more than 42 000 employees, working in 27 locations in 6 SADC countries, South Africa, Botswana, Namibia, Swaziland, Mozambique and Zimbabwe. The water-food-energy nexus is a dynamic that presents both opportunities and risks. The business is well positioned to deliver integrated solutions that will transform the way that sugarcane and maize is grown in the region, and extend its contribution beyond increased yields.

Previously known as The Tongaat-Hulett Group Limited, Tongaat Hulett 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

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, Cornubia, Huletts, Blue Crystal, Marathon, Equisweet, SUGAlite and Sugar Joule.

value chain

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.

The business's key focus areas of sustainability include stakeholder value creation, 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.

The company is committed to ensuring the safety of its employees. In spite of this commitment, there were unfortunately two fatalities for the year ended 31 March 2012. Tongaat Hulett continues to roll out 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.

Tongaat Hulett's corporate office is located in Amanzimnyama, Tongaat, KwaZulu-Natal. During the reporting period there were no significant changes in the size, structure or ownership of the company and the business grew the extent of land under sugarcane supplying its mills and the number of people that it employs.

SUSTAINABLE PERFORMANCE BENCHMARKING

EXTERNAL RECOGNITION

- Hippo Valley Estate, in Zimbabwe was awarded the best NANGO award for Excellence in fighting against HIV AIDS.
- Tambankulu Estate, Swaziland retained its NOSCAR rating.
- Tongaat Hulett Mozambique's Mafambisse sugar mill received a Gold Award in the Manufacturing Sector (the NOSA Eastern Regional Awards ceremony).
- Tongaat Hulett Botswana made a milestone achievement when it established a SHE Management System achieving a 4-Star NOSA rating in its first external audit.
- 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 2011, for the fourth consecutive year.
- The company ranked first in the Food & Beverages sector of the Financial Mail's Top Empowerment Companies 2011, for the fourth year in a row.
- In 2011, Tongaat Hulett was included in the JSE's Socially Responsible Investment (SRI) index for the eighth year in a row.
- Tongaat Hulett has been identified as one of the companies that contributed significantly to the advancement of Engineering Education by the University of KwaZulu-Natal.

ENVIRONMENTAL STEWARDSHIP

BUSINESS APPROACH

Tongaat Hulett's environmental approach is premised on the concept of building value for all stakeholders while working in harmony with nature. The company works towards achieving integration between the environment and its agri-processing and property development operations. 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 to ensure that operations are managed within the relevant statutory and legal parameters as a minimum 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

SUSTAINABILITY INDICATORS

INDICATOR	2009/10 (15 months)	2010/11 (12 months)	2011/12 (12 months)	Performance
Revenue	R11,136 bn	R9,681 bn	R12,081 bn	↑
Annual Dividend per share (cents)	275	250	290	↑
Number of employees at year end	40 824	39 314	41 777	↑
Fatalities	11	4	2	↓
LTI's	65	50	61	↑
Water used in manufacturing*	-	-	10 258 167 m^3	↔
Carbon footprint (total tons of CO_2)	1 307 091	1 120 634	1 027 569	↓

*Prior year data has been deemed non-comparable due to improved water consumption systems and controls.

Sugarcane Fields on the North Coast of KwaZulu-Natal

complaints received are monitored and appropriate corrective action is taken. 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 and measureable 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 use of land, water, energy, air quality (sulphur dioxide emissions) and bio-diversity.

Tongaat Hulett's approach to property development is conceptualised and implemented around a sustainable development philosophy, which at its core, is aimed at achieving an appropriate combination between economic development, environmental enhancement and social upliftment. Actions continue to be taken to identify ways to address social development objectives such as affordable and quality housing with appropriate density, public transport, 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.

The business continues to evaluate its carbon and water footprint and is identifying new approaches to understand and deal with potential opportunities and consequences of both climate change and constrained water supplies in the future.

CLIMATE CHANGE

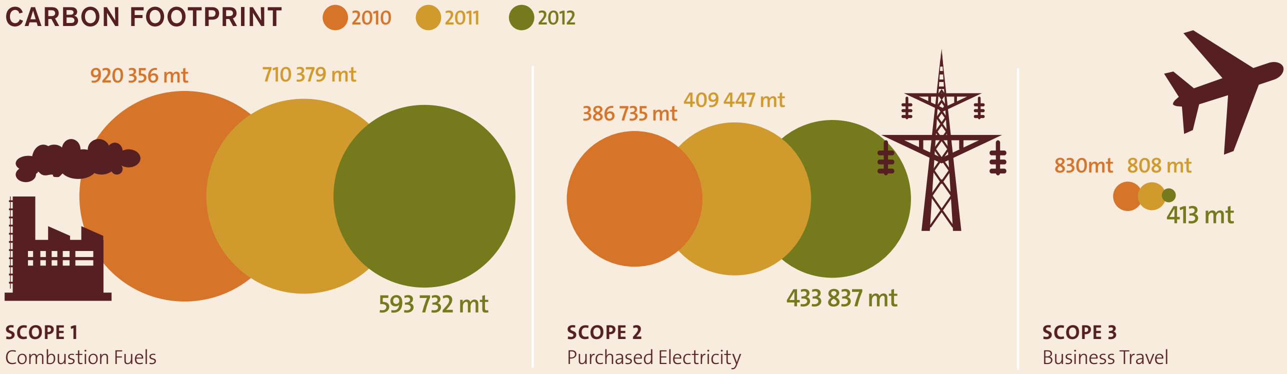
Consideration of global population growth and a middle-class that is increasing in wealth highlight the long-term impacts on the demand for water, food and energy leading to subsequent increase in carbon emissions. Tongaat Hulett acknowledges the reality of climate change and the negative impacts that it may bring to people, the environment and businesses. The company has a climate change policy that seeks to define its strategy and response plan to this evolving dynamic. The business believes that sustainable process and product innovation play an important role in decreasing the greenhouse gas intensity of its products and value chain. To further improve Tongaat Hulett's climate resiliency, it is considering other leading indicators of climate change such as potential impacts to water resources and is integrating these into its overall sustainability approach.

The company has identified potential risks and opportunities due to climate change and is taking action to mitigate these risks whilst taking advantage of the emerging opportunities. The business is committed to reducing greenhouse gas emissions and developing strategies that will enable it to adapt to and/or mitigate the impacts of climate change.

Its approach in tackling carbon emissions focusses on four main areas:

- Producing renewable electricity from bagasse
- Promoting the blending of biofuel with petrol and diesel

CARBON FOOTPRINT



- Switching to cleaner fuels
- Working to improve energy efficiency in operations

Tongaat Hulett is committed to reducing its greenhouse gas emissions by 5 percent per annum for the next 5 years and is targeting at least a 20 percent reduction by 2020 from a 2011 baseline.

CARBON MANAGEMENT

In 2011, the Department of Science and Technology released South Africa's second 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. Knowledge about weather, climate and water is fundamental to food security, disaster risk reduction, water management, energy supplies and health. Tongaat Hulett interacts with the Department and uses this information to support improved strategic development in the areas of risk and vulnerability decision-making.

Tongaat Hulett participates 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 the company conducted its third 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 underway 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 593 732 metric tons CO_2 (Scope 1 emissions). Indirect or Scope 2 emissions are those emissions from the generation of purchased electricity consumed by Tongaat Hulett. The company purchased electricity that emitted 433 837 metric tons of CO_2. Scope 3 covers all other indirect emissions that arise as a consequence of the business's activities. In the reporting period employees booked nearly 1 865 business trips, flying more than 3 364 420 kilometers resulting in 413 metric tons CO_2 being emitted from business travel.

The total Scope 1 and Scope 2 CO_2 for the period under review was 1 027 569 metric tons equivalent and the turnover was R12,081 billion, which equates to 85 grams of CO_2 emitted per rand generated.

ENERGY

Sugarcane 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 selected national grids, 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 the 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 continues to assess the opportunities to reduce the energy and water footprints in each of its operations, starting with factory operations. Provided that an enabling regulatory framework is 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 utilisation of the bagasse for electricity generation.

Energy efficiency projects include lighting, heating, variable speed drives, process efficiency improvements, ventilation and air conditioning. Motion sensors are installed in some administrative offices such as the Meadowdale office resulting in some twenty per cent saving on electricity costs.

For the period to 31 March 2012, Tongaat Hulett used 530 249 MWh of electricity in all its operations and offices. It generated 392 202 MWh from its sugar mills predominantly from bagasse. In the previous reporting period ended 31 March 2011, Tongaat Hulett used 418 210 MWh of electricity and generated 322 245 MWh. Other sources of fuel that are used include coal, diesel, petrol, gas and wood.

AIR QUALITY

Since sugar mills primarily 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 South African 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 formulated.

Some sugar mills and in particular the central sugar refinery in the Durban South Industrial Basin burn coal as a boiler fuel and therefore have a greater challenge in terms of emission reduction, as required by the recent legislative amendments. Currently emissions levels 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. Development of innovative process technology with energy efficiency benefits is also in progress.

At present, air quality is monitored on a daily basis at the refinery 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. Installation of on-line monitoring equipment to further enhance emission monitoring accuracy is planned for 2012.

BIODIVERSITY AND LAND MANAGEMENT

Tongaat Hulett controls over 20 000 gross hectares of land in South Africa and has the responsibility to successfully manage the transition of just over 13 000 of these gross hectares which have real potential for conversion from agriculture to alternative usages on a managed, phased basis at the appropriate time and in line with broader government goals and spatial policies. This conversion will see over 5 000 hectares of land being rehabilitated into natural habitat and placed into sustainable management models to ensure the long term management of such assets for the benefit of the broader region. The business continues to rehabilitate currently unproductive land to agriculture in support of government's agricultural and rural development goals and objectives, while at the same time securing additional sugarcane supply to its mills.

The company's land planning and conversion philosophy is based around the goal of sustainable development and contributing towards the growth of sustainable cities with emphasis on facilitating appropriate new investment and job creation opportunities, appropriate densities, promoting mixed use, industrial development and land for affordable housing, integration of public transportation, conservation, increasing biodiversity in natural habitats and open spaces together with facilitating new socio-economic opportunities and benefits for new and surrounding communities. In this way the effects of land management and conversion on climate change are mitigated and tend towards a net environmental gain for society.

The business works closely with communities, authorities and Non-Government Organisations in its land management, planning and conversion activities towards facilitating the most appropriate activities and uses of its land in line with government's spatial planning policies and objectives.

WATER RESOURCE MANAGEMENT

As an agri-processing business, Tongaat Hulett acknowledges that water is an essential resource for all its operations and production can be impacted by both the quality and quantity of water available. More importantly, local communities within its operations rely on having access to clean, safe drinking and reliable water which is critical to sustaining local health and a balanced eco-system. Ensuring access to a reliable supply of water is an important strategic priority. The company operates facilities in regions where there are various site specific challenges relating to the supply, quality and reliability of water resources.

The company's participation in the CDP Water Disclosure Project has led to the development of a Water Policy which documents Tongaat Hulett's view on key elements including; prioritising sustainable management and effective use of water resources, local water resource optimisation and protection. In order to account for its water resources within its operations, Tongaat Hulett is a signatory of the United Nations CEO Water Mandate and is implementing water management plans at all operations, including controls to mitigate the impacts of water use and discharge. It continues to identify opportunities for water recycling, efficient use and responsible waste water disposal.

Tongaat Hulett's sugar operations are in various locations within the SADC region and different water techniques are applied across operations. As a result of the fact that the sugar cane plant comprises approximately 70 percent water, sugar mills are net producers of water. Most of the sugarcane cultivated in South Africa is dependent on natural rainfall while operations in Mozambique, Swaziland and Zimbabwe, practice large-scale irrigation via purpose-built canal systems with water being extracted from rivers. The management of these canals and irrigation systems is in keeping with the highest agronomy and safety standards.

At the starch operation, 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 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 also to reduce the company's reliance on water sources that might affect local communities.

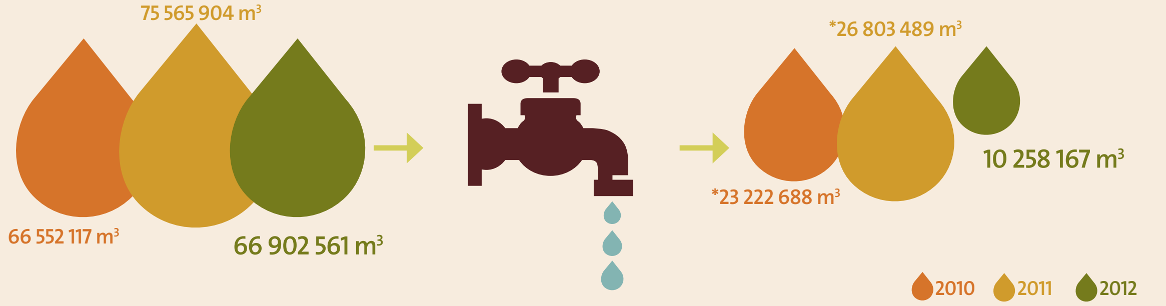
Water reservoir in the sugarcane fields

Tongaat Hulett reported its water usage in the product manufacturing process for the period under review as 10 258 167 m^3, with a further 66 902 561 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 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 2011 Tongaat Hulett used 26 803 489 m^3 with a further 75 565 904m^3 sold to municipalities as potable water.

Water scarcity is becoming a reality, and by making the six elements of the UN Global Compact CEO Water Mandate central to planning this will continue to assist in reducing the impact of water use and the promotion of good water stewardship regionally.

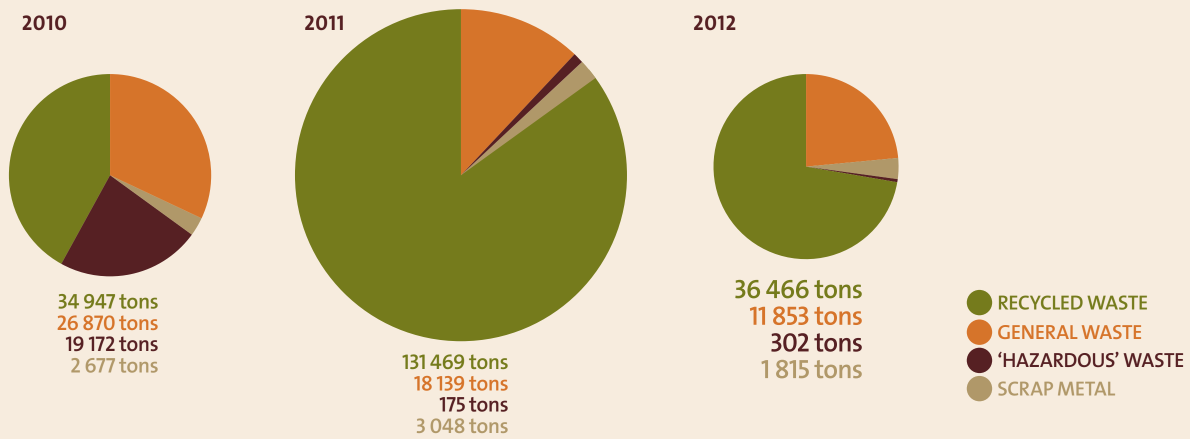
WATER PRODUCED FROM SUGARCANE

WATER USED IN PRODUCT MANUFACTURING



*Prior year data has been deemed non-comparable due to significant improvements in water measurement systems and controls as from 2012.

WASTE GENERATED



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, most of Tongaat Hulett's 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 before being discharged in accordance with the relevant environmental requirements. The remaining mills are developing environmental management programmes to adopt best practices and ensure legal compliance as a minimum. Water that is produced as part of the sugar milling process is largely 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 MANAGEMENT

Some company operations have re-engineered and refined services in order to reduce waste and increase resource productivity and these initiatives have yielded savings through offering new revenue streams from the sale, exchange and recycling of waste products.

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. A technical paper covering this project was recently published and presented at the last South African Sugar Association Congress and based on increasing interest, it is scheduled to be published in the International Sugar Journal.

During the reporting period, 11 853 tons of general waste, 1 815 tons of scrap metal waste, 302 tons of hazardous waste and 36 466 tons of recycled waste was generated and disposed of in accordance with applicable legislation. In the previous reporting period there was 18 139 tons of general waste, 3 048 tons of scrap metal waste, 175 tons of hazardous waste and 131 469 ton of recycled waste.

PROMOTING SUSTAINABLE AGRICULTURE

Agriculture in its broad sense is often accompanied by complex, interrelated social, environmental and economic dynamics. Farming sugarcane is no exception and companies or farmers cannot deal with these dynamics in isolation. Tongaat Hulett supports a multi-stakeholder approach to sustainable agriculture that will help to protect its supply chain as well as create successful farming communities. It has direct relationships with numerous private farmers in 3 countries to whom it provides agronomy support. This support includes providing quality seed cane as well as guidance on crop management, soil and water protection and environmental best practice. The guidance is not limited to farming and covers all areas of agriculture. Where appropriate the World Wildlife Fund standards are used to facilitate training of private farmers in order to ensure that sustainable principles are employed.

Tongaat Hulett is using sustainable sugarcane agriculture practice which seeks to protect the natural resource

Collection of sugarcane at Mafambisse

base, prevent degradation of soil and water, conserve biodiversity, contribute to the social and economic wellbeing of all, ensure a safe and high-quality supply of its agricultural products, and safeguarding the livelihood and wellbeing of agricultural workers and their families.

The company practices different conservation methods such as minimal tillage, implementing land use plans and every field that is planted is assessed to ensure that soil conservation structures are maintained in the field. In selected areas, depending on soil conditions and other agronomic influences, a range of cover crops are used to improve soil conditions at planting, provide assistance with the control of problem weeds and in certain cases improve nitrogen availability to the subsequent sugarcane crop. This results in improved cane yields and improved soil conditions in a sustainable fashion.

There is ongoing interaction with the South African Sugar Association, and South African Sugarcane Research Institute to ensure that sustainable farming methods are practiced at Tongaat Hulett operations. Fertile soils are important for carbon storage and by employing good farming practices, soil erosion and greenhouse gas emissions are reduced. Through cropland management and modern soil conservation methods the agriculture department is able to ensure increased yields and the sustainable supply of sugarcane to its mills.

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 operational activities resulted in isolated public complaints. Although a response is triggered, Level 1 complaints do not require remediation plans. Level 2 complaints refer to number of times operational 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 3 Level 2 complaints. Two Level 2 complaints were received at the Kliprivier starch plant and 1 was received at the Maidstone sugar mill.

The 2 complaints at Kliprivier were both odour related. The first incident was related to odour emanating from product re-work and the odour was neutralised through chemical addition. The second incident was linked to odour from an effluent tank whilst it was undergoing a maintenance clean-up. The remedial actions implemented included the addition of ash to suppress odours as well as a catalyst to reduce the impact. The mill communicated its action plans to the relevant authorities and stakeholders.

The odour complaint from Maidstone mill was related to a smell emanating from the irrigation holding ponds. There was a leak in the raw water feed line to the irrigation dam which was assumed to be the root cause of the complaint. The leak was attended to by the mill personnel and sampling and analysis of river confirmed that there were no impacts on the river. Municipal authorities and all relevant stakeholders received communication regarding this incident.

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. All operations in all countries have been certified under the ISO 14001 Environmental Management System with the exception of Botswana, Namibia, Mafambisse and Xinavane. Programmes are in place to secure ISO 14001 certification for the four remaining centres. Tongaat Hulett's sugar operations were audited by NOSA on the integrated star rating system and are all certified except in Namibia. All four starch mill operations are certified to ISO 9001, ISO 14001 and OHSAS 18001. The Zimbabwe operations are NOSA and ISO 14001 certified with Hippo Valley Estates having an additional OHSAS 18001 certification. The Swaziland operation is certified to ISO 14001, ISO 9001 and NOSA. Some of the starch and sugar operations have embarked on HACCP/ISO 22000 food safety assessments. Germiston and Kliprivier are HACCP/ISO 22 000 certified and the Maidstone and Darnall Mills are partly certified. Plans are in place to pursue the ISO 14001 as well as HACCP/ISO 22 000 within the next five years.

SOCIAL PERFORMANCE

BUSINESS APPROACH

Tongaat Hulett views the economy as an integral part of society and acknowledges the role that it can play, as a responsible member of society in creating value for its stakeholders. The business defines responsibility as ethical actions, honest communication, active participation in the transparent development of the economic environment, accountability for its actions and actions that confirm its standing as a reliable and valuable member of society.

The company fully subscribes to principles of sustainable development, which encompasses safety, health and environment (SHE). The provision of a safe and healthy workplace combined with good environmental stewardship is part of Tongaat Hulett's core values. Tongaat Hulett demonstrates the sharing of these values with stakeholders who include employees, contractors, established and emerging farmers and members of the surrounding communities in which Tongaat Hulett operates. Stakeholder engagement and involvement is therefore integral to Tongaat Hulett's business plan.

The Tongaat Hulett Risk, SHE, Social and Ethics Committee oversees the performance of the company against set SHE targets and objectives, which are detailed in the business's SHE plan. Progress on SHE plans and performance is monitored by the Chief Executive Officer and senior management through the various SHE Executive Steering Committees and established reporting systems.

SAFETY

Tongaat Hulett continues to strive towards establishing an organisational culture with a zero harm approach. Overall safety performance of the company has improved since 2002 when formal SHE management systems were first introduced.

Tongaat Hulett believes its organisational culture contributes to the safety performance of the company and its stakeholders. The company's strategy is to progressively influence a shift in culture from one being compliance driven to becoming an interdependent and resilient organisation, where working teams amongst employees and stakeholders within the organisation look after each other to ensure zero harm. The safety improvement plan is underpinned by leading and lagging indicator initiatives which include behavioural interventions, audit programmes and incident investigations. Behaviour based interventions and interaction with private farmers and associated communities were enhanced during the review period and are set to be progressed in the coming year. The audit programme in place entails first party internal audits undertaken by line management, second party audits done by employees from different operations within Tongaat Hulett and annual third party external audits.

Regrettably two employees lost their lives in two separate work related accidents which occurred during the period under review at Triangle and Xinavane operations in Zimbabwe and Mozambique respectively. Both incidents were motor vehicle accidents, and the incident in Mozambique related to the death of driver employed by a company providing transport services to Tongaat Hulett. A reduction in fatalities from eleven in 2009/10 to four in 2010/11 and two in 2011/12 was achieved. The aim remains to completely eliminate fatalities at the workplace. A continuous risk management process was implemented with a view to formulate new and enhance existing standards that are applied as fatality risk controls for high risk activities. In line with the spirit of being a learning organisation, a database for high fatality risk incidents recorded within and outside the company was established to identify causal factor trends and apply effective interventions necessary to stop such incidents from re-occurring and resulting in fatalities.


Sorbitol production process

The Lost Time Injury Frequency (LTIFR) remained at 0,10 per 200 000 hours worked in 2011/12. This statistic which remained the same during the last 3 fiscal years compares well against benchmarked companies. It has however demonstrated that management systems alone cannot completely prevent injuries but also relies on a shift in the

Period	Actual 12 months to 31 December 2008		Actual 15 months to 31 March 2010		Actual 12 months to 31 March 2011		Actual 12 months to 31 March 2012		Limits 12 months to 31 March 2013	
	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR	LTI's	LTIFR
Sugar	53	0,10	51	0,09	42	0,08	45	0,09	46	0,08
Starch	4	0,28	4	0,27	8	0,53	8	0,40	5	0,34
Developments	0	0,00	0	0,00	0	0,00	0	0,00	0	0,00
Consolidated	57	0,11	55	0,097	50	0,10	61	0,10	-	0,09

organisations behavioural culture that results in everyone being subconsciously safe. It is planned to progressively improve the safety performance every year with the aim to limit LTIFR to below 0,08 per 200 000 hours worked by 2016.

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

Sugar is a natural carbohydrate sweetener of plant origin. Sugars made by plants are classified as sucrose, glucose and fructose. All three are found in varying amounts in most fruits and many vegetables. All carbohydrate rich foods, once digested, provide glucose, the primary fuel for the body. The source of the carbohydrate is not significant in a dietary context. The sucrose from sugar cane is identical to the sucrose present in fruits and vegetables.

The growing incidence in chronic diseases of lifestyle such as diabetes, cardio-vascular disease and obesity, especially in children, has focused the attention of policymakers and the media on the consumption of sugar, and the potential contribution of this essential ingredient to the diseases of lifestyle epidemic. Certain reporting on sugar consumption has led to excessive and negative speculation regarding the value of sugar as part of a balanced diet.

Eminent bodies such as the World Health Organisation and the Food and Agricultural Organisation (2003) and the European Food Safety Authority (2010) have examined the scientific evidence relating to the consumption of sugar and other carbohydrates. These bodies have concluded, from a summary of the available evidence, that sugar is not the direct cause of lifestyle diseases such as diabetes, heart disease, obesity or cancer. In fact in 2010 the International Food Information Council Foundation (IFIC) stated that "consumers can continue to enjoy modest amounts of sweetened foods and beverages as part of a healthy diet and lifestyle".

HEALTH

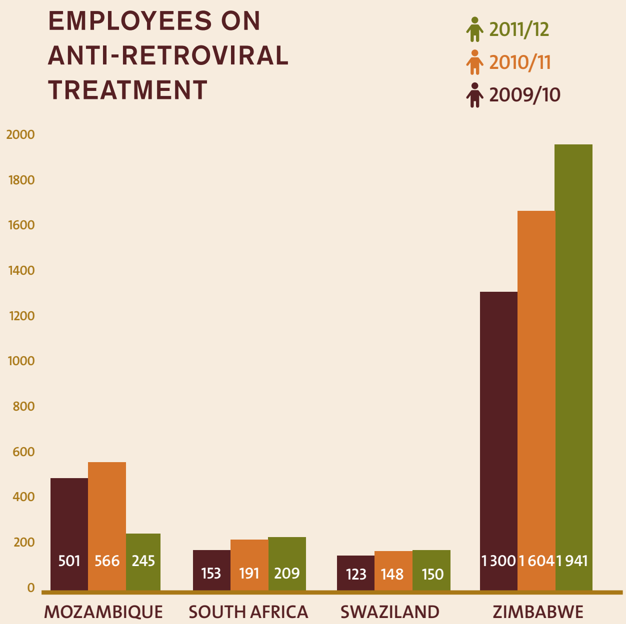
Tongaat Hulett continues to provide comprehensive health care programmes that include occupational health, primary health and general wellness. In addition to maintaining funding for various health related programmes, a significant spend was devoted to maintaining hospital and clinic facilities owned by Tongaat Hulett in the six countries that it operates.

HIV AND AIDS

HIV and AIDS still remains the single biggest health challenge. There has been a steady increase of employees undertaking HIV Counseling and Testing (HCT)/Voluntary Counseling and Testing (VCT) during the last three years where 79,3 percent of employees presented in 2009/10, 79,6 percent in 2010/11 and 80,4 percent in 2011/12.

Tongaat Hulett's overall employee HIV prevalence was 19,4 percent as at 31 March 2012 which was an improvement from a prevalence of 21,0 percent at the same time in the previous year. A total of 2 545 employees are currently receiving Anti-Retroviral Treatment (ART) through the company's ART programme which is an increase compared to 2 509 employees enrolled at the same time in 2011. The total cost of the ART programme was R1 901 579 during the fiscal year compared to R1 673 726 spent in 2010/11.

While all operations now have VCT and ART being offered in one way or another, Tongaat Hulett plans to introduce a HIV/AIDS management standard based on international best practices. The South Africa National Standard for HIV & AIDS workplace programmes (SANS 16001) is one such system being considered. Furthermore, Tongaat Hulett will encourage male circumcision to all operations. Male circumcision is a strategy which is being employed to reduce the transmission of HIV in men. It is 60 percent effective in reducing transmission of HIV and when combined with other HIV preventive measures, results in much lower transmission levels.



OCCUPATIONAL HEALTH

There were 24 minor occupational health incidents for the year (23 cases of tenosynovitis of the wrist in cane cutters and 1 case of backache from a cane haulage driver). Control measures to prevent tenosynovitis in the form of training, provision of correct tools, treatment and rehabilitation are in place and on-going.

Occupational health programmes that include risk based medical surveillance programmes are well entrenched within the framework of management systems aligned to NOSA and OSHAS 18001.

MALARIA

In Mozambique, Zimbabwe and Swaziland where malaria remains a significant health risk, the operations continue to implement integrated malaria control programmes that include vector control, awareness, personal protection, diagnosis and treatment.

Sadly, 4 employees died of malaria during the course of the year. They were cases of severe malaria that were contracted outside of Tongaat Hulett's Estates. A total of 967 cases of malaria were attended to at the company's health facilities representing a 21% increase from cases recorded in the previous year.

HUMAN CAPITAL

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.

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 2011/12 was 3,2 percent of payroll and it is envisaged that the investment in skills development should reach five percent of payroll by 2015.

CASE STUDY

NATISHA PADAYACHEE

Natisha Padayachee may be one of a few roses among the thorns – she has carved a niche for herself in the male-dominated world of engineering.

Natisha was one of three women engineers recruited by the Tongaat Hulett Sugar Refinery in 1997 as part of its drive to include women at an operational level in the company. She was also one of the first women in the factory in Durban and the first female in the management team of the plant at the age of 25.

With her early Tongaat Hulett career littered with firsts, Natisha is now a committed employee. She has completed 15 years of service at the company and hasn't looked back since.

For further details: www.tongaat.com/2012/talent_case.pdf

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 and Stellenbosch Business Schools to address their unique requirements of management development and supervisory training respectively. The Mozambique operations have arranged for managers to participate in the UNISA Management Development Programme. 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 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.

Training related information in respect of the South African operations for the period 1 April 2011 to 31 March 2012

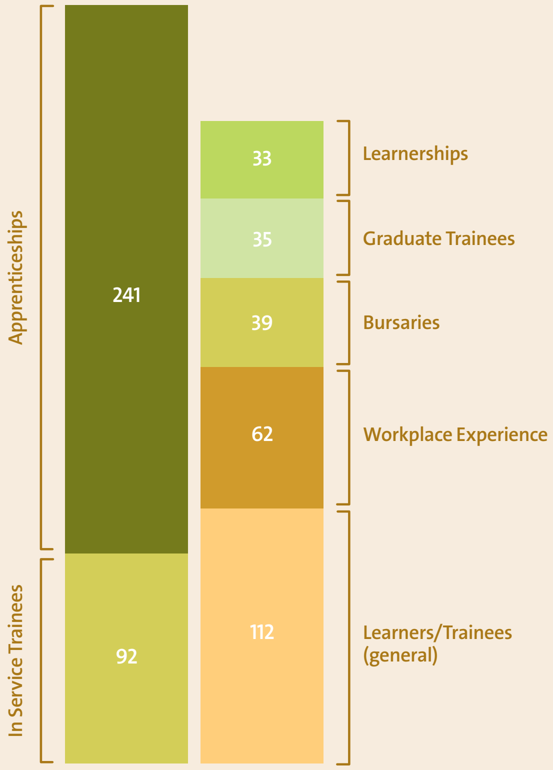
Total training spend	R32,1 million
1 percent skills levy	R10 million
Training spend as a % of leviable amount	3,2 % (excluding 1% skills)
Number of people days trained	8 592
Number of people days available	1 591 110
% trained people days	0,5 %
Number of people trained	1 798

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 talent 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-

FORMAL TRAINING PROGRAMMES
ACTUAL AS AT 31 MARCH 2012



No. of employees sent on short term training courses	8 724
No. sent to formal training programmes	614
No. of employees on Company Assisted Study Aid Schemes	191
TOTAL	9 529

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.

The total workforce as at 31 March 2012 across all countries was 41 777 compared to a total of 39 314 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 5,6% compared to 9,3 percent in 2011 and 10% in operations outside South Africa compared to 6,5 percent in 2011.

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 2012, 57,4 percent of management and 82,4 percent of skilled and supervisory positions are filled by black employees. Women constitute 34,6 percent of the workforce across South African operations. Within the South African operations, 73,4 percent of the 587 graduates and diplomates employees are black, with women constituting 45,3 percent.

Employment equity plans are in place to meet the employment equity goals that have been set for December 2014. 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 Department of Labour, 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 review target setting and progress on all employment equity related matters and to make recommendations 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,

EXISTING SKILLS IN ALL COUNTRIES

Period	Number (as at 31 March 2012)	Average Age (as at 31 March 2012)	Number Terminated (1 April 2011 - 31 March 2012)	Number Appointed (1 April 2011 - 31 March 2012)
Degrees/Diplomas	1 057	39,1	41	71
Artisans	506	40,5	28	47

AVERAGE AGE AND LENGTH OF SERVICE (PERMANENT EMPLOYEES) AS AT 31 MARCH 2012

Level	Average Age	Average Length of Service (years)
Top Management	51	19
Senior Management	50	18
Middle Management	45	14
Skilled and Supervisory	41	12
Semi-Skilled	41	15
Unskilled	39	9
OVERALL	40	11

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 the employee profile of the company's South African operations as at 31 December 2010, which formed part of the Tongaat Hulett employment equity report submitted to the Department of Labour (DoL).

The overall proportion of black representation in management as at 31 March 2012 was 57,4 percent of permanent staff at this level, compared to 56,4 percent at 31 March 2011. It is envisaged that by 2014, black representation at management level (D band and above) will exceed 60,0 percent. Females at senior management level increased from 12,0 percent to 12.3 percent as at 31 March 2012, the proportion of black females in top management increased from 16,7 percent to 19,2 percent as at 31 March 2012 and black females in management increased from 18,6 percent to 19,6 percent in March 2012. There were 81 employees with disabilities as at 31 March 2012, which constituted 1,3 percent of the employee complement (63 employees with disabilities as at 31 March 2011).

The table to the right reflects a year on year comparison of black employee and women representation in proportion of permanent staff at various levels at as 31 March 2012.

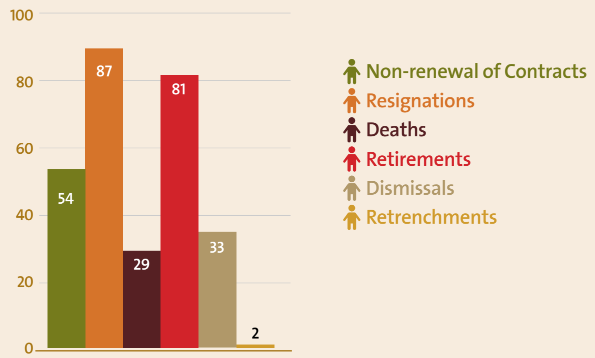
LATEST EMPLOYMENT PROFILE AS AT 31 DECEMBER 2010 SUBMITTED TO THE SA DEPARTMENT OF LABOUR

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	20	3	23	58	4	2	5	3	2	0	120
Professionally qualified and experienced specialists and mid-management	58	7	40	69	35	3	20	26	6	2	266
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	337	61	229	131	170	18	54	63	12	6	1 081
Semi-skilled and discretionary decision making	1 017	21	128	4	208	5	34	10	2	0	1 429
Unskilled and defined decision making	1 217	0	11	2	1 049	0	1	0	9	0	2 289
TOTAL PERMANENT	2 653	92	432	278	1 468	29	115	102	32	8	5 209
Temporary employees	61	7	8	0	18	0	1	0	0	0	88
TOTAL (SOUTH AFRICA)	2 714	92	440	278	1 468	29	116	102	32	8	5 297
Total workforce in ALL COUNTRIES as at 31 March 2012											41 777

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

	Actual as at 31 March 2010	Actual as at 31 March 2011	Actual as at 31 March 2012
Top Management who are black	38%	38%	39%
Top Management who are women	17%	17%	19%
Senior Management who are black	46%	48%	50%
Senior Management who are women	12%	12%	12%
Middle Management who are black	60%	62%	63%
Middle Management who are women	30%	32%	34%
Skilled and Supervisory who are black	80%	82%	82%
Skilled and Supervisory who are women	26%	27%	29%

TERMINATION OF EMPLOYMENT IN SOUTH AFRICA



There were no retrenchments at executive management level. However, in the year ended 31 March 2012, several contractors completed projects resulting in the non-renewal of their contracts. There were 81 retirements.

HUMAN RIGHTS

Within its sphere of influence, Tongaat Hulett guarantees protection for basic human rights. The company is a signatory to the Universal Declaration of Human Rights, in which it commits, among others, to supporting the freedom of association and collective bargaining at its locations as well as preventing child labor and forced labour. Tongaat Hulett has incorporated human rights principles in its practices, 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 2012 and approximately 78.1 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 action incidents that resulted in 23 days lost in Mafambisse and Xinavane for the period under review. The financial cost impact was R4 466 798.

DISCIPLINARY PROCEDURES

The disciplinary codes 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 operation's 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 within a reasonable time frame.

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 illegal forced labour, physical punishment or other abuse.

ANTI-BRIBERY AND CORRUPTION

The upholding of Tongaat Hulett's core values requires that the business actively works to prevent corruption and bribery. The organisation has procedures in place that provide guidance on areas such as dealing with gifts and donations. Employees of Tongaat Hulett who do not comply with the company's Code of Ethics policy face disciplinary action, including dismissal or termination of their contract.

STAKEHOLDER VALUE CREATION

An important aspect of stakeholder values creation remains how the business interacts with its stakeholders and Tongaat Hulett recognises the need to actively engage with those who affect or are affected by its operations. The business interfaces regularly, in an open and honest manner with a range of Governments, private farmers and their representative bodies, communities, employees and people impacted by company operations or expansion activities. Through meaningful discussion, the business is able to understand and address potential impacts and concerns about operations and create opportunities that are aligned with the interest of all parties. Through a structured and evolving approach to stakeholder engagement and using internal knowledge and expertise on stakeholder management the business is able to prioritise the most important issues requiring management attention and focus. The feedback that Tongaat Hulett sought from a range of stakeholders, during 2011/12 followed the release of its 2011 Integrated Annual Report, has been integrated into this report.

A broad overview of key stakeholders and the general approach to interfacing with each of them is briefly presented below:

Private farmers of sugarcane in the various countries of operation who supply the business's cane requirements want to ensure that in addition to maximising the price that they receive for the supply of their product, that Tongaat Hulett is able to provide the necessary support to ensure their long term sustainability. This support includes the sourcing of key raw materials, including good quality seed cane and fertilizer at competitive prices, the provision of agronomy support to small-scale private farmers and schemes to assist farmers in dealing with the backlog in root replacement. In all the countries of operation, private farmers are organised according to their logistical areas of operation, and as the business continues to increase the level and quality of its of its interactions, further growth and development opportunities for both Tongaat Hulett this stakeholder grouping are being identified.

Government authorities and regulators expectations are that the business operates in accordance with all local, provincial and national laws and regulations. Government policies establish the general legal framework for society and define the general business environment for Tongaat Hulett. It is the company's responsibility to provide adequate resources to ensure that its facilities operate in accordance with all applicable laws and regulations. The company works to establish and maintain constructive relationships with Governments of the countries within which it operates. It seeks to identify the impacts of government policy on its growth plans, as well as identifying how its strategy can support the growth strategies of these countries thereby ensuring alignment with the ongoing development of both the people and populations that surround the business operations of Tongaat Hulett.

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.

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 in the United Kingdom and North America 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. The company publishes highlights of its annual and interim results in the key South African daily newspapers.

Employees are interested in a stable employment relationship and a good working environment that guarantees health, safety, fairness and equal opportunity. It is the company's responsibility to ensure ethical and responsible management procedures are in place to protect employees, support diversity and reward performance. It is therefore important to ensure regular collaboration on these topics. A variety of internal media, such as the intranet, internal newsletters and briefings and the company regularly interacts with employees, striving to achieve a high level of engagement. The bi-annual results presentations are made available to staff by invitation and also through the company intranet and internet. Specifically with regard to sustainability matters, during 2012 a roadshow was conducted in all operating facilities in order to build awareness and the company will report on progress in this regard in its next report.

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. It seeks to work together with these stakeholders on areas of mutual concern. We plan to engage with suppliers in responsible sourcing standards through regular procurement processes.

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.

ECONOMIC SUSTAINABILITY

BUSINESS APPROACH TO EMPOWERMENT AND INDIGENISATION

Tongaat Hulett's capacity to create stakeholder value depends, among other factors, on its ability to deal effectively with the sustainable indigenisation of the agriculture sector through the development of local farmers in Mozambique, Zimbabwe and South Africa, including post settlement solutions in the land reform programme. The creation of added value through future-oriented, proactive behaviour and giving importance to the needs, interests and expectations of all stakeholders provides the company with the ability to achieve its strategic objectives with the support of its stakeholders.

While the business acknowledges the role that it has to date played in the creation of value for its stakeholders it recognises that, in particular, as a key partner with Governments, private farmers, and rural communities, it can in conjunction with the achievement of its strategic objectives, further contribute to the achievement of its stakeholders goals. This includes job creation, poverty alleviation and the development of successful rural communities as it works together with Governments and private farmers to increase the supply of sugarcane to its various operations.

CASE STUDY

FIRST-TIME SUGARCANE FARMERS: NOAH NYAWO, 24, ANELE MTHETHWA, 20, NOMTHANDAZO NENE, 21 AND SIPHO MAGAGULA, 35.

Determined young novice farmers generate R1.2m from their first harvest. Noah Nyawo, 24, and his seven young friends did not think they would hit the sweet spot so soon after receiving the keys to a R24-million sugarcane farm in KwaZulu-Natal in February last year. At the time, the government told them to roll up their sleeves and turn the 250ha farm, Jengro estates in KwaMbonambi in northern KwaZulu-Natal into one of the country's most successful land reform projects.

Report by: Bongani Mthethwa, picture by: Thembinkosi Dwayisa.

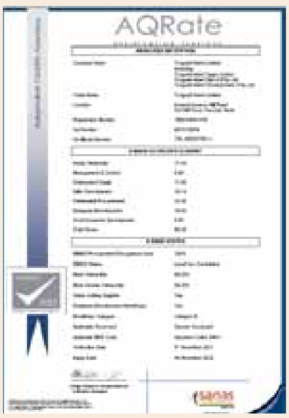
For further details: www.tongaat.com/2012/youth_farmers.pdf

B-BBEE Scorecard	Score		
Element	2009/2010	2011	2012
Equity Ownership	21,59%	18,16%	17,34%
Management & Control	7,80%	8,43%	8,43%
Employment Equity	10,18%	11,54%	11,69%
Skills Development	5,96%	10,19%	12,14%
Preferential Procurement	12,70%	18,17%	15,58%
Enterprise Development	15,00%	15,00%	15,00%
Socio Economic Development	5,00%	5,00%	5,00%
Total	**78,23%**	**86,49%**	**85,18%**
BEE Level Rating	**3**	**2**	**2**

The company 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 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 employees and senior black management respectively. These schemes are scheduled to vest in August 2012.

The introduction of B-BBEE equity participation in 2007, included an 18 percent participation by B-BBEE groupings: Ayavuna Women's Investments and the Mphakathi Trust, which benefits the communities surrounding the Tongaat Hulett property developments, Sangena Investments and the Masithuthukisane Trust, which benefits the small scale cane grower communities surrounding Tongaat Hulett's four South African sugar mills.



The fifth B-BBEE rating audit by AQRate was conducted in 2011 with Tongaat Hulett being categorised as a Level Two Contributor, with an overall score of 85,18 percent compared to the previous year's score of 86,49 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 Codes of Good Practice. The highlights of the accreditation are the improved scoring in skills development and employment equity. 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 and the creation of a diverse employee profile 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 agencies.

SUSTAINABLE SUPPLY CHAINS

Supply chains are becoming progressively complex in light of evolving socio-economic and legal-political imperatives within individual countries and regions in which the business operates. Until recently, supply chain strategies, decisions and choices within Tongaat Hulett have been based primarily on optimising price, quality and availability. Aware of the various internal sustainable development initiatives and evolving global conversations around key sustainable development themes that include climate change issues, social and economic inclusiveness, Tongaat Hulett's supply chain management philosophy is being redefined to ensure that all supply chain decisions complement various sustainability initiatives. This implies that all supply chain strategies, policies and decisions would be required to take into account reputational, environmental and social impacts in their execution. To this end a robust sustainable supply chain policy framework is being developed to give structure to this initiative and to provide a baseline against which specific and quantifiable sustainable supply chain metrics can be tracked and reported to stakeholders.

Although a comprehensive Sustainable Supply Chain framework is still being developed to give direction and momentum to these issues, considerable progress is already being made in both South Africa and Zimbabwe through procurement initiatives that seek to leverage and promote social and economic equity as well as to minimise negative environmental impacts.

PREFERENTIAL PROCUREMENT IN SOUTH AFRICA

The objective of Preferential Procurement under the Department of Trade and Industry'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 element was set at 15,58. In respect of the Procurement Scorecard for Tongaat Hulett and based on the period ending 31 March 2011 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 R4, 589 billion, BEE procurement spend from all suppliers based on BEE procurement recognition levels as a percentage of total measured spend was R2, 919 billion (63.62 percent).

Spend with companies which are more than 50 percent black owned totalled R203 million, whilst spend with QSE's or EME's totalled R928 million. Spend with companies which are more than 30 percent owned by black women was R70 million.

SUSTAINABLE PROCUREMENT INITIATIVES - ZIMBABWE

Tongaat Hulett has elected that after considering the many social and economic imperatives, there is a compelling need for the business to source environmentally friendly goods/services and procure from local suppliers. Buyers and end users are encouraged to discuss, share ideas and research new products, processes, services, modes of transport and evolving technologies that not only optimise the economic imperatives of efficient and effective sourcing but also seek to minimise negative environmental and social impacts.

In response to changing socio-political dynamics in Zimbabwe, Tongaat Hulett is committed to supporting local suppliers of goods and services. A procurement policy is in place that gives support and preference to suppliers based within a 100km radius of company operations in the Lowveld as well as for all other local Zimbabwean companies. The business proactively encourages larger foreign suppliers to partner local companies as distributors or technical partners in order to support the "Buy Zimbabwe" campaign which is an effort to encourage purchases of local goods and services supported by organised business, Government and communities with a view to creating employment whilst at the same time addressing gender and social inequalities.


Seed cane planting at Hippo Valley

ENTERPRISE DEVELOPMENT AND TRANSFORMATION IN AGRICULTURE

Tongaat Hulett's approach to creating successful rural communities aims to promote thriving communities, successful farmers whilst preserving the environment. The company works at both community and farm level to improve yields, create jobs and contribute investment through partnerships with Governments.

The partnership of Tongaat Hulett and KZN Department of Economic Development and Tourism (KZN DED&T) is a prime illustration of value creation. 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. The project has now been extended by an additional year. As at 31 March 2012, a total of 2 341 hectares have been planted since the project started with 955 hectares planted in the 2011/12 season. Since the commencement of the project, more than 2 000 small medium sugarcane farmers, who were previously unemployed, have been established. Over a ten year period these new sugarcane farmers will employ at least 726 permanent and more than 6 000 seasonal employees. As

Young cane growing in the Lowveld, Zimbabwe

at 31 March 2012, 1 664 small medium sugarcane farmers have been trained in sustainable farming practices and other agri-processing disciplines in-order to increase productivity and resource efficiency creating sustainable rural economies beyond the project term.

KZN DED&T contributed R51,8 million of which R22,4 million has been spent. Tongaat Hulett's cash contribution is R13,6 million and its' indirect contribution in the form of technical, managerial and logistical support over a four year period is in excess of R20 million.

The starch operation has been involved in the Ithuba Farming Project for the past five years which was aimed at the development of commercial black maize farmers. As at 31 March 2012, some 30 farmers from previously disadvantaged backgrounds have been trained as part of the activities of the scheme. The project is being reviewed in order to take account of the knowledge that has been acquired over the past few years and to identify opportunities to improve the output of the project. The training farm at the operation's Kliprivier mill is being maintained in order to implement a more holistic farming model.

SOCIO-ECONOMIC DEVELOPMENT

Tongaat Hulett management across operations recognise that Socio-Economic Development (SED) is an integral part of the way in which the company does business. This is relevant in the context of an organisation that is a significant role player, both in terms of the number of people that it employs and the large number of external stakeholders that are impacted by company operations in the SADC region. In progressing the company's strategic objective of being a key contributor in the creation and maintenance of successful rural communities the company's Socio-Economic Development initiatives are aimed at building and enhancing the quality of life of people, with emphasis on disadvantaged communities within which the company operates.

The reporting period highlighted the significant contribution that Tongaat Hulett continues to make towards the welfare of its employees and the communities that surround company operations in Zimbabwe, Swaziland and Mozambique and consequently some 81 percent of total SED spend was invested in these countries.

During the reporting period R47,8 million was spent on health and welfare activities which includes costs associated with the two company managed medical facilities, the Hippo Valley Medical Centre and the Colin Saunders Hospital in Triangle, Zimbabwe. These facilities provide both preventative and curative health services to the surrounding communities and on average some 200 000 patients are seen on an annual basis. Environmental health programmes to reduce the incidence of malaria and bilharzia through routine spraying campaigns were undertaken in the communities that surround company operations. The business continues to ensure that safe drinking water is available for local communities and the provision of refuse collection services is undertaken by Tongaat Hulett.

Numerous schools are located in and around the operations and some R4,1 million was spent on education which included costs for repairs to schools, stationary and education support. The Zimbabwe operations provide support for 21 schools with an enrolment of just under 12 000 pupils, the Swaziland operation supports 2 schools, while the Xinavane and Mafambisse operations provide support to the local schools that are in close proximity to company operations.

As part of the company's activities in Zimbabwe and South Africa to increase the supply of sugarcane to operations Tongaat Hulett has undertaken a number of initiatives in these countries to provide SED funding for rural communities:

- In Zimbabwe, roads in the Mkwasine area were re-graded and 13,5 kms of roads to the Chilonga Communal Lands were graded. In addition, the operation purchased a new ambulance to provide medical services to the Mkwasine area and hospital beds in the Mkwasine clinic were replaced.
- In South Africa, a significant amount of work is in progress in a number of areas including the Ndwedwe area, where the company is supporting the role out of the HIV&Me project at 10 schools in the area. The programme provides participatory and interactive training experience to educators on the eight HIV&Me lessons and also encompasses the implementation of a Family Support Programme. This programme builds

on the school based intervention by enabling parents to develop better communication channels with their children and thereby facilitate the disclosure of their HIV status.

The total SED Spend for the 12 months to 31 March 2012 including the cost of company sponsored occupational and primary health care services was R79,5 million. This was above the company's commitment to allocate one percent of annual headline earnings to SED on a company wide basis annually.

VALUE ADDED ANALYSIS

FOR THE YEAR ENDED 31 MARCH 2012

Rmillion	2012	2011
Revenue	**12 081**	9 681
Bought-in materials and services	**(7 893)**	(6 519)
VALUE ADDED BY OPERATIONS	**4 188**	3 162
Dividends and other income	**203**	570
Capital profit on land	**3**	23
Capital profit on other fixed assets		4
TOTAL VALUE ADDED	**4 394**	3 759
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	**2 081**	1 753
TO PAY PROVIDERS OF CAPITAL	**815**	682
Interest on borrowings	**527**	484
Distributions to shareholders	**288**	198
TAX	**351**	261
RE-INVESTED IN BUSINESS	**1 147**	1 063
Depreciation	**366**	344
Retained earnings after distribution to shareholders	**781**	719
TOTAL VALUE DISTRIBUTED	**4 394**	3 759

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

FOOD SECURITY

The business continues to operate in an environment impacted by a number of external factors. Tongaat Hulett acknowledges that energy security dynamics are closely linked to food security, water security and climate security. The Food and Agriculture Organisation released a guide highlighting the need to move to more sustainable practices as intensive crop production since the 1960s has degraded soils, depleted ground water and caused pest outbreaks. The food system is affected by environmental impacts including habitat degradation, greenhouse gas emissions and freshwater use and there is increasing evidence that crop yields are dropping.

Growing vegetables in Zimbabwe to ensure food security

Tongaat Hulett is of the view that a sustainable food system would be "reliable, resilient and transparent," producing food within ecological limits, developing food producers, and ensuring accessible and sufficient food supply. The company is a principal member of the World Wildlife Fund and is looking at the operational and reputational challenges that face businesses in the food sector. The business has identified that there is potential to make unconventional approaches, such as inclusive agriculture through the Vuselela Project, more commercially viable. Tongaat Hulett believes that it is capable of working with Governments and communities, towards building a sustainable food system, in the areas that it is able to impact. Delivery of this objective will require the implementation of new techniques and collaboration among farmers, businesses and Governments.

Tongaat Hulett's food security framework is based on:

- Creating successful rural communities and economies
- Increasing resource efficiency
- Application of improved farming practices
- Sustainable production systems for agriculture

Tongaat Hulett acknowledges that agriculture has a major role to play in opening the way for food security while protecting precious natural resources and contributing to rural economic growth.

PRODUCT RESPONSIBILITY

BUSINESS APPROACH

Tongaat Hulett participates in a number of initiatives that promote product responsibility in agri-processing and land development. Product safety and quality assurance are embedded in the business's core values and the company's systems facilitate the commitment not to compromise on the safety of its products. The company is a member of the UN Global Compact.

CUSTOMER HEALTH AND SAFETY

The company complies with all relevant safety, health, environmental and quality legislation in each of the countries of operation as well as striving for implementation of industry best practice. The production facilities have been certified under the ISO 9001:2008 quality management system. In South Africa, the operation has adopted the Hazard Analysis and Critical Control Point (HACCP). Downstream products supplied to the pharmaceutical industry are required to meet the Food and Drugs Act standards.

PRODUCT AND SERVICE LABELING

Tongaat Hulett ensures that appropriate information is provided to its customers. All products carry product labels describing information about the product, in compliance with the respective country legislation and labeling regulations. In addition to protecting Tongaat Hulett products, labeling informs consumers about the product's nutritional composition and ingredients.

MARKETING PRODUCTS RESPONSIBLY

The business seeks to grow its market share in a responsible manner and consequently the marketing of its product range is not aimed at misleading the public about any potential health or other risks related to products produced by Tongaat Hulett. The company's objective is to grow its market share through product innovation and the production of high quality products.

MOVING TO A MORE SUSTAINABLE FUTURE

Tongaat Hulett is building on more than 160 years' experience as an agricultural and agri-processing business. The company recognises that it has to consistently re-evaluate and where necessary, evolve its approach to its relationships with private farmers, suppliers, customers and other stakeholders. Tongaat Hulett views its role as providing suitable support to those who research, farm and supply the raw materials that it uses across its operations. As the business continues to progress in this area, this will facilitate three types of sustainability: the sustainability of farmers' livelihoods and the communities that surround them, the sustainability of its supply of sugarcane and maize and the sustainability of natural resources in the growing areas. The company looks forward to continuing to report on its progress with these initiatives.

REQUEST FOR FEEDBACK

Tongaat Hulett would like to hear from all stakeholders on their views of the 2012 Sustainability Report. We are particularly interested in the information that was provided, information that was not included, the data reported on and the design of the report.

PLEASE CONTACT:

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/annualreport2012/gri.pdf

Safety awareness is a priority

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 their 2012 Integrated Annual Report (the 'Report', covering the period 1 April 2011 to 31 March 2012). The assurance team comprised primarily of Michael H. Rea, our Lead Certified Assurance Practitioner (CSAP), with 13 years' experience in environmental and social performance measurement, including sustainability reporting and assurance, and Lauren Stirling, an Associate CSAP.

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 and 2011 Annual Reports, but has not undertaken any other commissions that would compromise 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 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;
- Reviews of drafts of the Report for errors, anomalies and/or potentially unsupportable assertions; and,
- GRI G3 gap analyses to determine whether the requisite numbers of profile and performance indicators were reasonably covered within the Report to meet Tongaat Hulett's GRI G3 Application Level assertion (B+).

The process was limited to the content and assertions made within Tongaat Hulett's printed Report for the period under review, and did not extend to an analysis of the accuracy, reliability, completeness and/or consistency of data presented by Tongaat Hulett, either in the Report or on the internet. Rather, data was subjected to reasonability tests during final proof editing. The process was also 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's 2012 Integrated Annual Report demonstrates year-on-year improvements in the form and function of the policies, procedures and systems deployed to meet reasonable integrated reporting expectations. These include, but are not limited to, improvements in the systems employed to collate, collate and report key sustainability performance indicator data, such as water consumption. However, the way in which the report is presented does not fairly reflect the quality of data improvements. Moreover, the report does not fairly meet the principle of 'neutrality', opting to focus almost exclusively on the company's successes, without clearly discussing any on-going challenges or performance gaps.
- 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).
- The Report adequately meets the GRI G3's requirements for Application Level B (responses to all required indicators, 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 Report. Moreover, it was found that the reporting of performance against some indicators 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 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, including the presentation of data in a comparable manner, 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. Moreover, the Report should ultimately reflect how engagement is deployed throughout the organisation to affect – where necessary – business decision-making, processes and/or controls.
- 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. Any such reporting should adhere to the principle of 'neutrality', by clearly defining and explaining on-going challenges and/or performance gaps.
- Having been subjected to three consecutive cycles of AA1000AS Type I (Moderate) assurance, and noting that Tongaat Hulett has made significant strides in improving systems for collecting, collating and reporting key performance indicator data, Tongaat Hulett should seek Type II (Moderate) assurance for the 2013 Integrated Annual Report, including the quality testing of data for no fewer than 10 key sustainability performance indicators at no fewer than three significant sites (operations).

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
24 May 2012

SustainabilityServices.co.za

The Board of directors recognises the inextricable link between effective governance, sustainable organisational performance and creating long-term value for all stakeholders. It is this understanding that has underpinned the board's enduring commitment to lead the organisation in accordance with principles based on transparency, accountability, integrity and ethical leadership.

Tongaat Hulett continues to apply the principles embodied 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 period under review, the board evaluated its compliance with corporate governance principles and implemented appropriate changes and improvements, including the review of the effectiveness of the board's governance structures and the company's Corporate Governance Manual. One of the key changes included reconstituting the Risk and SHE committee as the Risk, SHE, Social and Ethics Committee, in compliance with the Companies Act, 2008 as amended. This was done to align Tongaat Hulett's already well-established practices with codified policies and procedures. The Corporate Governance Manual, which includes the board charter, terms of reference of board committees, Code of Business Conduct and Ethics, and 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 business sustainability is anchored.

This corporate governance report depicts Tongaat Hulett's commitment to sustainable 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 and company's conduct throughout the period under review.

BOARD OF DIRECTORS

Charter

The board has an approved charter which 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 annual business plan, the governance of risk and information technology and succession planning.

Board Composition

Tongaat Hulett has a unitary board structure, which at 31 March 2012 comprised ten non-executive and three executive directors, drawn from a broad spectrum of the business community. Collectively, the directors possess a wide array 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.

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 memorandum of incorporation, directors are required to retire 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 election.

At the next AGM, T N Mgoduso and C B Sibisi will retire by rotation and seek re-election as directors. M Mia will retire by rotation and will not be seeking re-election. Furthermore, S G Pretorius, who was appointed during the course of the period under review, will be required to retire and be elected in accordance with article 59 of the memorandum of incorporation. The memorandum of

Board of Directors		Board Committees			
Name	Year appointed	Audit	Remuneration	Nomination	Risk, SHE, Social & Ethics[1]
Independent Non-executive Directors					
J B Magwaza (Chairman)	1994		Member	Member	
F Jakoet	2008	Member			Member
J John	2007	Chairman			
R Kupara	2009	Member			
A Maleiane	2009				
M Mia	1996	Member	Chairman	Chairman	
N Mjoli-Mncube	2008		Member	Member	Chairman
S G Pretorius (from 3 August 2011)	2011				
R J H Stevens (to 29 July 2011)					
Non-executive Directors					
C B Sibisi	2007				Member
T N Mgoduso	2010				Member
Executive Directors					
PH Staude (CEO)	1997				Member
B G Dunlop	1997				
M H Munro	2003				Member

1. On 8 March 2012 the board resolved to reconstitute the Risk and SHE committee as the Risk, SHE, Social and Ethics committee.

A full record of the directors with brief biographies is given on pages 62 to 64 of the integrated annual report.

incorporation stipulates that a director who has reached the mandatory retirement age of 70 is required to retire at the AGM and may be re-elected by shareholders for a specific term as determined by shareholders in a specific ordinary resolution. This applies to the Chairman of the board, J B Magwaza, who turns 70 this year, and whose ability, knowledge and wisdom the company wishes to retain, at this important time for Tongaat Hulett, for a further period of up to two (2) years.

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

Board Induction

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 and other executives provide directors with appropriate information on business performance and strategic objectives and themes. This, together with business reports of prior board and committee meetings, and discussions with heads of operations, provides directors with sufficient insight 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.

Board Evaluation

The formal self-evaluation process 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 integral 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 involvement in the company's black economic empowerment equity participation 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 for the period under review has been positive and an ongoing element of the Board's focus will be succession planning, including board composition and the position of Chairman. The assessment of the independence of directors serving on the board for a period longer than nine years is conducted annually. In the current year, this was a particularly robust process, following the criteria laid out in King III, and applied to Mr Magwaza to confirm his independence.

The board meets at least five times a year, with special or additional meetings convened as circumstances dictate. Comprehensive board documentation is prepared and distributed in advance of each meeting, with an opportunity to propose additional matters for discussion at meetings. All directors have access to 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.

Director	Board	
	A	B
J B Magwaza (Chairman)	5	5
P H Staude (CEO)	5	5
B G Dunlop	5	5
F Jakoet	5	5
J John	5	5
R Kupara	5	5
A Maleiane	5	4
T N Mgoduso	5	5
M Mia	5	5
N Mjoli-Mncube	5	5
M H Munro	5	5
S G Pretorius[1]	3	3
C B Sibisi	5	5
R J H Stevens[2]	1	1

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: Appointed to the board with effect from 3 August 2011.
2: Retired from the board with effect from the AGM on 29 July 2011.

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 prescribed by the Companies Act, 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 shareholders at the last AGM 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. The current members are J John (Chairman), F Jakoet, M Mia and R P Kupara. The Chief Executive Officer, P H Staude, the Chief Financial Officer, M H Munro, the Head of Internal Audit D K Young 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 in discharging 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 2012/2013 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 an 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 Head of Internal Audit 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 Head of Internal Audit, 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, Social & Ethics 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 56 in the Risk Management Process section of the integrated annual report.

The committee's focus on regulatory compliance is ongoing in line with the regular updates 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 compliance policy 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 the period under review that indicate non-compliance with pertinent legislation and codes of good practice.

As part of an effort to review and ensure optimal performance and delivery of its mandate, the committee conducted an assessment of its performance for the period, with input from internal and external auditors, considering such factors as its composition and authority, the execution of its roles and activities, its working relationship with both internal and external audit and its statutory obligations towards the company and its shareholders. The outcome of the assessment process has been positive, reflecting that the committee meets best practice, and is functioning effectively and efficiently.

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 2012:

1. **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 2012/2013 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.

2. **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 pages 52 to 53 of this integrated annual report.

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. The committee specifically reviewed the financial statements of the company 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.

4. **Expertise and Experience of Financial Director and the Finance Function**
   During the period under review, the committee considered the expertise and experience of the Tongaat Hulett financial director in terms of the Listing Requirements of the JSE and satisfied itself that the financial director's expertise and experience meet the appropriate requirements. The committee also evaluated the competence of the finance function as required by King III and concluded that the expertise, resources and experience of the finance function of

all operations, reporting into the financial director of Tongaat Hulett, met 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 2012 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 2012.
   - The Head of Internal Audit has direct access to the committee primarily through the Chairman of the committee. During the period under review, the Head of Internal Audit 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 required by its mandate, performed a review of the effectiveness of the company's internal control environment, including its internal financial controls, IT controls as they pertain to financial reporting 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, Social & Ethics Committees and to 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 and is satisfied that the information is reliable and consistent with the financial results and other operational information at the disposal of the committee. Furthermore, the committee assessed and satisfied itself of the independence of the external assurance service provider for the Sustainability report.

7. **Approval of Integrated Annual Report**
   The committee, taking into account the combined assurance model adopted by Tongaat Hulett, recommended at its meeting held on 16 May 2012, 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 of members of this committee is contained in the table below.

Director	Audit and Compliance Committee	
	A	B
J John (Chairman)	3	3
F Jakoet	3	3
R Kupara	3	3
M Mia	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.

(The brief biographies of the members are given on pages 62 to 63 of the integrated annual report)

Risk, SHE, Social & Ethics Committee (previously the Risk and Safety, Health & Environment Committee)

The Companies Act required the company to appoint a social and ethics committee by 1 May 2012. On 8 March 2012, the board approved the new terms of reference in terms of which the Risk and Safety, Health and Environment (SHE) committee was restructured and reconstituted as the Risk, SHE, Social and Ethics Committee. The membership of this committee remained the same.

In addition to the functions of the committee for risk and SHE matters as described below, the committee has statutory functions prescribed by the Companies Act, covering amongst others, areas of social and economic development, corporate citizenship, environment, health and public safety, consumer relationships, labour and employment equity.

After it was reconstituted, the committee held its first meeting on 23 April 2012. A detailed report on the work performed by this committee will be provided in the next integrated annual report.

For the period under review, the Risk and SHE Committee assisted 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 ensured 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 were comprehensive and adequately facilitated. Whilst the committee had 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 included 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, SHE, Social & Ethics 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 N Mgoduso, C B Sibisi and M H Munro (in his capacity as Chief Risk Officer). Several members of the executive and 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.

Director	Risk & SHE Committee	
	A	B
N Mjoli-Mncube (Chairman)	2	2
PH Staude (CEO)	2	2
F Jakoet	2	1
TN Mgoduso	2	2
MH Munro	2	2
CB 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.

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 an 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, Social & Ethics 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, Social & Ethics Committees and the Board on the effectiveness of its risk management processes.

For the period under review, 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 twice 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, as CEO, 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.

Director	Remuneration Committee	
	A	B
M Mia (Chairman)	2	2
JB 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 independent non-executive directors, meets as required. Its members are M Mia (Chairman), J B Magwaza and N Mjoli-Mncube. P H Staude, as CEO, 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.

Director	Nomination Committee	
	A	B
M Mia (Chairman)	2	2
JB 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.

MANAGEMENT COMMITTEE

Executive Management Committee

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

The current members are P H Staude (Chairman), J D Bhana, R D S Cumbi, M Deighton, N P Dingaan, B G Dunlop, B R Gumede, C Gwala, M M Jean-Louis, G P N Kruger, 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.

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 (COSO) 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, Social & Ethics 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 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 and fairness. 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.

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 are set out below together with the relevant details of the remuneration of directors, officers and executives.

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 the 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 awards of unconditional LTIPs is to assist with targeted key and high potential employee retention.

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 2012, 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 set at the time of each annual award and currently relate to growth in earnings per share, total shareholder return, share price, return on capital employed, sugar production and a regulatory framework for electricity generation in South Africa, 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 as directors on the company board and board committees, on the basis of a fixed retainer fee and an attendance fee. Directors' fees are recommended by the Remuneration committee taking into considering market data, considered by the board, and proposed to the shareholders for approval at each AGM.

As required by the Companies Act, the remuneration of non-executive directors will be authorized by special resolution at the AGM and is set out on page 129.

Further details of remuneration, share schemes and interest in share capital

	Page No.
Executive directors' , officers and non-executive directors' remuneration	110 - 111
Declaration of full disclosure	111
Interest of directors of the company in share capital	111
Details of share schemes (including performance conditions)	112 - 116
Interest of directors of the company in share-based instruments	117
Non-binding advisory vote on the company's remuneration policy	130

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.

RELATIONSHIP WITH SHAREHOLDERS

The Chief Executive Officer, Chief Financial Officer and the Investor Relations and Communications Executive interface regularly with institutional investors on key strategic themes and the performance of the company, through various presentations and scheduled meetings as per the company's investor relations programme. The current programme includes management conducting roadshows in South Africa, the United Kingdom and the United States of America, in addition to its participation in selected national and international conferences. Through the company's website, a wide range of information is available to all shareholders and other stakeholders, including the integrated annual report, information on investor relations, and updates of the company's activities and its many initiatives to promote stakeholder value creation and sustainability. Tongaat Hulett remains committed to principles of transparency, and copies of presentations given to the investment community are available on the company's website. The company encourages the attendance of shareholders at AGMs and welcomes fruitful discussions and questions arising from the agenda and any additional issues of interest or concern to the shareholders.

CHAIRMAN

J B Magwaza

Independent Non-Executive Chairman and Director of Companies

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

JB (70) 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 (58) 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 (51) 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 (40) 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 Chairman of the Audit Committee. She was appointed to the Tongaat Hulett Board in 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS continued

R P Kupara (Zimbabwean)

Executive Director, Auzano Capital Management (Pty) Ltd

B.Acc (Hons), CA (Z), MBA

Zimbabwean

Rachel (52) is a business woman, Executive Director of Auzano Capital Management and Chairman of Anchor Holdings Limited. She previously also 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 (Mozambican)

Financial Analyst

BSc, MSc, Dip (Acc)

Mozambican

Adriano (62) is a CEO and majority shareholder of MALEFINANCEIRO, Lda, a company specializing in financial consultancy and MALEseguros, Lda an insurance broker. He is also CEO of BNI Banco Nacional de Investiment (Moz) (National Investiment 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 Governor of the Central Bank 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 (64) 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. Mac will retire by rotation at the 2012 AGM and will not be seeking re-election.

N Mjoli-Mncube

Director of Companies

BA, MSc, Spurs Fellowship (Massachusetts Institute of Technology) USA

Nonhlanhla (53) 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.

S G Pretorius

Director of Companies

MCom (Business Economics)

Brand (64) currently serves as a non-executive director on the boards of ABSA, Reunert, Italtile, RGT Smart and Tata Africa Holdings. He is also a member of the advisory boards of the National Business Initiative, Business Against Crime, the Free Market Foundation, the READ Educational Trust and the Motor Industry Ombudsman of South Africa. Prior to this he had a long and distinguished career in the motor industry at Toyota South Africa and McCarthy Limited. He retired as CEO of McCarthy and as an executive director of Bidvest on 1 March 2011. He was appointed to the Tongaat Hulett Board in 2011.

NON-EXECUTIVE DIRECTORS

T N Mgoduso

Director of Companies

MA (Clin Psych)

Thandeka (56) is a Non-Executive Director of Ayavuna Women's Investments and provides 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 Air Traffic Navigation Systems (ATNS). 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 (48) 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 (58) 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 (46) commenced full-time employment with Tongaat Hulett in 1992, having been involved in the business since 1984. 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
2012							
Starch operations	2 580	363	1 691	382	1 284	71	97
Agricultural Land Conversion and Developments	366	215	1 631	446	1 214		1
Sugar			14 322	1 491	13 181	581	268
Zimbabwe operations	2 266	621					
Swaziland operations	163	51					
Mozambique operations	1 437	402					
SA agriculture, milling and refining	3 465	93					
Downstream value added activities	1 804	261					
Total of the operating areas	12 081	2 006	17 644	2 319	15 679	652	366
Centrally accounted and consolidation items		(85)	138	5 249	87	22	
	12 081	1 921	17 782	7 568	15 766	674	366
Bulk sales/capital profit on land		3					
BEE IFRS 2 charge and transaction costs		(48)		737			
Other valuation adjustments		2					
Consolidated total	12 081	1 878	17 782	8 305	15 766	674	366
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					
Total of the operating areas	9 681	1 309	14 245	2 557	12 334	804	344
Centrally accounted and consolidation items		29	246	4 168	217	2	
	9 681	1 338	14 491	6 725	12 551	806	344
Bulk sales/capital profit on land		23					
Capital profit on other items		4					
BEE IFRS 2 charge and transaction costs		(46)		761			
Defined benefit pension fund asset recognition		288					
Other valuation adjustments		(1)					
Consolidated total	9 681	1 606	14 491	7 486	12 551	806	344

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	**2012**	2011
South Africa, Mozambique and Zimbabwe	**9 676**	7 782
Europe	**1 568**	725
Rest of Africa	**528**	860
Australasia	**177**	130
Asia and other	**72**	63
North America	**60**	69
South America		52
	12 081	9681

The aggregate effect of intra-group transactions is immaterial.
Geographical location of segment assets: South Africa R6 068 million; Other countries R11 714 million (2011 - South Africa R5 265 million; Other countries R9 226 million).
Expenditure on property, plant and equipment by geographical location of assets: South Africa R227 million; Other countries R447 million (2011 - South Africa R192 million; Other countries R614 million).

Annual Financial Statements

for the year ended 31 March 2012

CONTENTS

FINANCIAL HIGHLIGHTS

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

CURRENCY CONVERSION GUIDE

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

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

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

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

Independent Auditor's Report

to the shareholders of Tongaat Hulett Limited

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

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

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

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Tongaat Hulett Limited as at 31 March 2012, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Audit KZN
Registered Auditors
Per W Moodley
Partner

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

24 May 2012

Directors' Statement of Responsibility and Approval of Annual Financial Statements

for the year ended 31 March 2012

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

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

In preparing the financial statements, the company has used appropriate accounting policies, supported by reasonable and prudent judgments and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company at 31 March 2012 and the results of its operations for the year then ended. The directors are also of the opinion that the company will continue as a going concern in the year ahead.

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

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

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

J B Magwaza
Chairman

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2012

Certificate by Company Secretary

I certify that the company has lodged with the Companies and Intellectual Properties Commission all such returns as are required of a public company in terms of the Companies Act of South Africa in respect of the year ended 31 March 2012 and that all such returns are true, correct and up to date.

M A C Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

24 May 2012

DIRECTORS' STATUTORY REPORT

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

NATURE OF BUSINESS

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

FINANCIAL RESULTS

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

DIVIDENDS

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

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

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

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

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Friday 6 July 2012.

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

SHARE CAPITAL

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

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

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

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

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

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

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

SUBSIDIARY COMPANIES AND JOINT VENTURES

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

The attributable interest of the company in the results of its consolidated subsidiaries and joint ventures for the year ended 31 March 2012 is as follows:

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

DIRECTORATE

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

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

DIRECTORS' SHAREHOLDINGS

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

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance committee has considered the provisions of the Companies Act 2008 and has taken the necessary steps to ensure compliance. The committee confirms that during the period under review it carried out its functions responsibly and in accordance with its terms of reference as detailed in its Report contained in the Corporate Governance section of this integrated annual report on pages 54 - 55. In addition, the committee is satisfied that the designated auditors of the company are independent of the company.

POST BALANCE SHEET EVENTS

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

Statements of Financial Position

as at 31 March 2012

Tongaat Hulett Limited

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

Income Statements

for the year ended 31 March 2012 | Tongaat Hulett Limited

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

Statements of Other Comprehensive Income

for the year ended 31 March 2012 — Tongaat Hulett Limited

Company 2011	Company 2012	Rmillion	Consolidated 2012	Consolidated 2011
374	302	**PROFIT FOR THE YEAR**	**1 021**	871
(3)	(2)	**OTHER COMPREHENSIVE INCOME**	**1 360**	(542)
		Movement in non-distributable reserves:		
		Foreign currency translation	**1 362**	(539)
(4)	(3)	Hedge reserve	**(3)**	(4)
1	1	Tax on movement in hedge reserve	**1**	1
371	300	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	**2 381**	329
		Total comprehensive income attributable to:		
371	300	Shareholders of Tongaat Hulett	**2 125**	358
		Minority (non-controlling) interest	**256**	(29)
371	300		**2 381**	329

Statements of Changes in Equity

for the year ended 31 March 2012 — 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 April 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 period								(475)	833	358	(29)	329
Retained earnings									833	833	38	871
Movement in hedge reserve								(3)		(3)		(3)
Foreign currency translation								(472)		(472)	(67)	(539)
Balance at 31 March 2011	105	10	25	1 524	(868)	33	376	(1 710)	5 305	4 800	840	5 640
Share capital issued				4						4		4
Amortisation of BEE IFRS 2 charge					42					42		42
Share-based payment charge							47			47		47
Settlement of share-based payment awards							(30)			(30)		(30)
Reallocation					27				(27)			
Dividends paid									(279)	(279)		(279)
Dividends paid - minorities											(9)	(9)
Total comprehensive income for the period								1 236	889	2 125	256	2 381
Retained earnings									889	889	132	1 021
Movement in hedge reserve								(2)		(2)		(2)
Foreign currency translation								1 238		1 238	124	1 362
Balance at 31 March 2012	105	10	25	1 528	(799)	33	393	(474)	5 888	6 709	1 087	7 796
COMPANY												
Balance at 1 April 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 period								(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		
Share capital issued				4						4		
Share-based payment charge							47			47		
Settlement of share-based payment awards							(28)			(28)		
Dividends paid and accrued									(383)	(383)		
Total comprehensive income for the period								(2)	302	300		
Retained earnings									302	302		
Movement in hedge reserve								(2)		(2)		
Balance at 31 March 2012	105	10	25	1 528		29	402	1	1 062	3 162		

Statements of Cash Flows

for the year ended 31 March 2012 — Tongaat Hulett Limited

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

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

BASIS OF CONSOLIDATION

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

INTANGIBLE ASSETS

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

GROWING CROPS

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

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

GOODWILL

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

ASSOCIATE COMPANIES

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

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

INVENTORIES

Inventories are valued at the lower of cost and net realisable value determined in general on the first-in-first-out and average methods. The cost of finished goods and work in progress comprises direct materials, labour and appropriate overhead costs. Progress payments are deducted from work in progress where applicable. Development properties comprise land valued at cost and development expenditure attributable to unsold properties. Livestock and game are valued at fair value less costs to sell, in accordance with IAS 41. Obsolete and slow moving inventories are identified and suitable reductions in value are made where necessary.

MAIZE PURCHASE CONSTRUCTIVE OBLIGATIONS

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

DEFERRED TAX

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

IMPAIRMENT

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

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

RESEARCH AND DEVELOPMENT

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

REVENUE

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

FOREIGN CURRENCIES

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

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

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

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

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

FINANCIAL INSTRUMENTS

Recognition

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

Measurement

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

- Trade and other receivables originated by Tongaat Hulett are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.

- Held-to-maturity investments are held at amortised cost using the effective interest rate method after deducting accumulated impairment losses.
- Fair value through profit or loss financial assets, available for sale and cash equivalent investments are held at fair value.
- Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.
- Unlisted investments are recorded at cost.

Gains or losses on subsequent measurement

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

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

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

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

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

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

Set-off

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

Financial guarantee contracts

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

GOVERNMENT GRANTS

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

EMPLOYEE BENEFITS

Retirement funds

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

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

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

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

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

A further accounting recognition was required in terms of IFRIC 14 and AC 504 for the 2010/11 financial year. These standards specify the criteria to be used in determining the amount to be recognized, which represents the difference between the estimated future IAS 19 service cost / contribution rate and the actual actuarially determined contribution rate over a relevant period. The results of the valuation at 31 March 2012 show no change from the amount of R288 million that was recognised in profit at 31 March 2011 in respect of this "defined benefit pension fund asset".

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

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

Post-retirement medical aid benefits and retirement gratuities

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

SHARE-BASED PAYMENTS

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

CORPORATE TRANSACTIONS CONCLUDED IN 2007
25% BEE EQUITY PARTICIPATION TRANSACTIONS

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

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

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

The BEE Infrastructure SPV participation interest, concluded in 2007, of R1,289 billion was funded through a combination of notional vendor financing (R821 million), preference share funding (R458 million) and equity and shareholders' loans of R10 million. The BEE yoMoba SPV participation interest of R1,031 billion was funded through a combination of notional vendor financing (R657 million), preference share funding (R367 million) and equity and shareholders' loans of R8 million. The SPV's participation interests are in the form of preferred ordinary shares which are entitled to receive a fixed coupon every year for a period of seven years. After seven years the preferred ordinary shares will cease to receive preferred ordinary dividends. Tongaat Hulett has therefore committed to pay a fixed coupon on these preferred ordinary shares of R100 million in aggregate on an annual basis and the preferred ordinary shares will not receive any ordinary dividends for the duration of the seven year period. In terms of the notional vendor finance arrangement between the respective SPVs and Tongaat Hulett (R821 million in respect of the BEE TH Infrastructure SPV and R657 million in respect of the BEE yoMoba SPV), Tongaat Hulett will be entitled to repurchase, at a price of R0,01 per share, such number of shares as determined in accordance with a repurchase formula, subject to the external funding claims in the SPV. The number of shares repurchased will be a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett and the success of the earn-in initiatives by the respective BEE partners. In compliance with IFRS, the two BEE SPVs are consolidated by Tongaat Hulett and consequently the preferred ordinary shares are reflected as treasury shares in the consolidated financial statements and are taken into account where relevant when calculating earnings per share. The external debt of the SPVs, amounting to R737 million in aggregate at 31 March 2012 (2011 – R761 million), is thus reflected on the consolidated statement of financial position and the funding charge incurred by the SPV is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will effectively be equity-settled. After seven years the preferred ordinary shares will convert into Tongaat Hulett listed ordinary shares.

BEE 7% employee interest

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

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

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

In accordance with IFRS, the ESOP Share Trust and MSOP Share Trust are consolidated by Tongaat Hulett and consequently the B ordinary shares are reflected as treasury shares in the consolidated financial statements and are taken into account where relevant when calculating diluted earnings per share.

JUDGEMENTS MADE BY MANAGEMENT

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

Growing crop valuation

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

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

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

Asset lives and residual lives

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

Impairment of assets

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

Decommissioning and rehabilitation obligations in respect of the environment

Tongaat Hulett monitors and assesses its obligations arising from decommissioning of plant and rehabilitation of the environment on an ongoing basis.

Post-retirement benefit obligations

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

Pension fund defined benefit asset

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

Valuation of financial instruments

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

NEW OR REVISED IFRS STANDARDS APPLICABLE TO FUTURE PERIODS

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

IFRS 10: Consolidated Financial Statements
IFRS 11: Joint Arrangements
IFRS 12: Disclosure of Interests in Other Entities
IFRS 13: Fair Value Measurement
IAS 12: Income Taxes
IAS 19: Employee Benefits
IAS 27: Separate Financial Statements
IAS 28: Investments in Associates and Joint Ventures

Amendments to IFRS 7 Disclosures: Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 9 (2009), IFRS 9 (2010) and IFRS 7: Mandatory Effective Date of IFRS 9 and Transition Disclosures
Amendments to IAS 1: Presentation of Items of Other Comprehensive Income
Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities

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	7 665	2 116	3 793	1 505	52	199
Additions	665	82	193	147	1	242
Disposals	(9)	(1)	(3)	(5)		
Depreciation	(366)	(41)	(219)	(103)	(3)	
Transfers		26	49	(3)		(72)
Currency alignment	1 089	238	531	275	13	32
Transfer to intangible assets	(18)					(18)
Carrying value at end of year	9 026	2 420	4 344	1 816	63	383
Comprising:						
31 March 2012						
At cost	12 171	2 796	6 455	2 446	91	383
Accumulated depreciation	3 145	376	2 111	630	28	
	9 026	2 420	4 344	1 816	63	383
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
Company						
Carrying value at beginning of year	2 386	468	1 671	158	1	88
Additions	238	11	60	20	1	146
Disposals	(3)	(2)	(1)			
Depreciation	(164)	(5)	(136)	(22)	(1)	
Transfers		5	35	10		(50)
Transfer to intangible assets	(18)					(18)
Carrying value at end of year	2 439	477	1 629	166	1	166
Comprising:						
31 March 2012						
At cost	4 435	574	3 293	398	4	166
Accumulated depreciation	1 996	97	1 664	232	3	
	2 439	477	1 629	166	1	166
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

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

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

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

2. GROWING CROPS (Rmillion)

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

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

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

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

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

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

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

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

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

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

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

3. LONG-TERM RECEIVABLE AND PREPAYMENT (Rmillion)

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

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

4. GOODWILL (Rmillion)

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

Goodwill is attributable to the Mozambique and Zimbabwe sugar operations and a Botswana and a Namibia subsidiary. Goodwill is tested annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections, which cover a period of twenty years, are based on the most recent budgets and forecasts approved by management and the extrapolation of cash flows which incorporate growth rates consistent with the average long term growth trends of the market. As at 31 March 2012, the carrying value of goodwill was considered not to require impairment.

5. INTANGIBLE ASSETS (Rmillion)

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

6. INVESTMENTS (Rmillion)

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

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

7. SUBSIDIARIES AND JOINT VENTURES (Rmillion)

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

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

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

	Consolidated	
	2012	2011
Property, plant and equipment	**7**	7
Current assets	**238**	345
Less: Current liabilities	**(52)**	(110)
Interest in joint ventures	**193**	242
Tongaat Hulett's proportionate share of the trading results of the joint ventures is as follows:		
Revenue	**18**	111
Profit before tax	**6**	54
Tax	**(2)**	(15)
Net profit after tax	**4**	39
Tongaat Hulett's proportionate share of cash flows of the joint ventures is as follows:		
Cash flows from operating activities	**18**	40
Net cash used in investing activities	**(2)**	(35)
Movement in net cash resources	**16**	5

8. INVENTORIES (Rmillion)

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

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

9. DERIVATIVE INSTRUMENTS (Rmillion)

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

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

10. CASH AND CASH EQUIVALENTS

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

11. SHARE CAPITAL (Rmillion)

	Consolidated		Company	
	2012	2011	2012	2011
Authorised:				
150 000 000 ordinary shares of R1,00 each	**150**	150	150	150
30 000 000 A preferred ordinary shares of R1,00 each	**30**	30	30	30
6 000 000 B1 ordinary shares of R1,00 each	**6**	6	6	6
10 500 000 B2 ordinary shares of R1,00 each	**11**	11	11	11
3 200 000 B3 ordinary shares of R1,00 each	**3**	3	3	3
10 redeemable preference shares of R1,00 each				
	200	200	200	200
Issued and fully paid:				
105 143 181 (31 March 2011 - 105 014 181) ordinary shares of R1,00 each	**105**	105	105	105
25 104 976 A preferred ordinary shares of R1,00 each	**25**	25	25	25
5 422 829 B1 ordinary shares of R1,00 each	**6**	6	6	6
3 296 657 B2 ordinary shares of R1,00 each	**3**	3	3	3
1 021 422 B3 ordinary shares of R1,00 each	**1**	1	1	1
	140	140	140	140

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

Details of the employee share incentive schemes are set out in note 34. Following the unbundling of Hulamin in 2007, the options granted to employees in terms of the original employee share option schemes which had not been exercised at the unbundling date were converted into two components, a Tongaat Hulett Limited component and a Hulamin Limited component, as described in note 34. At 31 March 2012 employees have an option to subscribe for 338 794 shares at an average price of R32,96 per share (2011: 468 294 shares at an average price of R33,42 per share) in respect of the Tongaat Hulett component and the equivalent of approximately 90 000 shares in respect of the Hulamin component (2011: 100 000 shares).

The original share option schemes were replaced in 2005 with a new share incentive scheme comprising the Share Appreciation Right Scheme 2005, the Long Term Incentive Plan 2005 and the Deferred Bonus Plan 2005. In 2010, shareholders approved that retention awards be included within the Long Term Incentive Plan 2005.

12. BEE HELD CONSOLIDATION SHARES (Rmillion)

	Consolidated	
	2012	2011
25 104 976 A preferred ordinary shares of R1,00 each	**839**	839
5 422 829 B1 ordinary shares of R1,00 each	**136**	136
3 296 657 B2 ordinary shares of R1,00 each	**46**	46
1 021 422 B3 ordinary shares of R1,00 each	**45**	45
	1 066	1 066
Less amount attributable to A preferred ordinary shareholders	**(111)**	(84)
Less amortisation of IFRS 2 charge on shares relating to the employee share ownership plans (refer to notes 3 and 35)	**(156)**	(114)
	799	868

13. DEFERRED TAX (Rmillion)

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

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

14. BORROWINGS (Rmillion)

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

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

Short-term borrowings comprise call loans and bank overdrafts with various South African financial institutions at interest rates linked to the prime overdraft rate as well as short-term borrowings in Mozambique equivalent to R148 million (2011: R315 million) and in Zimbabwe equivalent to R108 million (2011: R196 million).

Summary of future loan repayments by financial year:

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

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

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

The non-recourse equity-settled BEE borrowings comprise:

	Effective interest rate (%)	Consolidated 2012	Consolidated 2011
4 122 000 Class A redeemable preference shares	9,335 nacs	**167**	229
4 122 000 Class B redeemable preference shares	11,960 nacs	**551**	515
Accrued dividends		**20**	18
		738	762
Less: BEE cash resources		**1**	1
		737	761

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

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

16. PROVISIONS (Rmillion)

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

Further details on provisions are set out in note 32.

17. TRADE AND OTHER PAYABLES (Rmillion)

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

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

18. OPERATING PROFIT (Rmillion)

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

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

19. CAPITAL PROFITS (Rmillion)

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

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

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

21. TAX (Rmillion)

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

21. TAX (Rmillion) (continued)

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

22. HEADLINE EARNINGS (Rmillion)

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

23. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of relevant ordinary shares and qualifying preferred ordinary shares in issue during the year. In the case of basic earnings per share the weighted average number of shares in issue during the year was 106 208 909 (2011: 105 986 145). In respect of diluted earnings per share the weighted average number of shares is 108 738 956 (2011: 108 983 882).

24. DIVIDENDS (Rmillion)

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

The final ordinary dividend for the year ended 31 March 2012 of 170 cents per share declared on 24 May 2012 and payable on 19 July 2012 has not been accrued.

25. FINANCIAL RISK MANAGEMENT (Rmillion)

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

Categories of financial instruments	Consolidated		Company	
	2012	2011	2012	2011
Financial assets				
Derivative instruments in designated hedge accounting relationships	**4**	11	4	11
Unlisted shares at cost	**12**	7		
Loans and receivables at amortised cost	**2 683**	1 947	851	820
	2 699	1 965	855	831
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	**1**	2	1	2
Financial liabilities at amortised cost	**6 905**	6 120	5 440	4 456
Non-recourse equity-settled BEE borrowings	**737**	761		
	7 643	6 883	5 441	4 458

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

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

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

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

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

Past due trade receivables

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

	Consolidated		Company	
	2012	2011	2012	2011
Less than 1 month	**44**	32	20	21
Between 1 to 2 months	**12**	16	4	6
Between 2 to 3 months	**8**	5	1	3
Greater than 3 months	**353**	320	2	2
Total past due	**417**	373	27	32
Provision for doubtful debts				
Set out below is a summary of the movement in the provision for doubtful debts for the year:				
Balance at beginning of year	**17**	18	6	7
Consolidation of subsidiaries		1		
Currency alignment	**2**	(1)		
Amounts written off during the year	**(1)**	(1)		
Increase/(decrease) in allowance recognised in profit or loss	**2**		(1)	(1)
Balance at end of year	**20**	17	5	6

Foreign currency risk

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

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

	Consolidated				Company			
			2012	2011			2012	2011
	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	8,12	12		(1)	8,12	12		(1)
Exports								
US dollar	7,93	273	**2**	4	7,93	273	2	4
Net total		285	**2**	3		285	2	3

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

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

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 Average contract rate	Consolidated Commitment (Rmillion)	Consolidated **2012 Fair value of FEC (Rmillion)**	Consolidated 2011 Fair value of FEC (Rmillion)	Company Average contract rate	Company Commitment (Rmillion)	Company 2012 Fair value of FEC (Rmillion)	Company 2011 Fair value of FEC (Rmillion)
Imports								
US dollar	7,57	12			7,57	12		
UK pound	12,87	1			12,87	1		
		13				13		
Exports								
US dollar				5				5
Net total		13		5		13		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 Foreign amount (million)	Consolidated **2012 (Rmillion)**	Consolidated 2011 (Rmillion)	Company Foreign amount (million)	Company 2012 (Rmillion)	Company 2011 (Rmillion)
US dollar	1	**10**	22	1	8	20
Australian dollar	5	**43**	36	5	43	36
New Zealand dollar		**2**				
		55	58		51	56

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

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

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

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

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

25. FINANCIAL RISK MANAGEMENT (Rmillion) continued

Interest rate risk

Tongaat Hulett is exposed to interest rate risk on its fixed rate loan liabilities and accounts receivable and payable, which can impact on the fair value of these instruments. Tongaat Hulett is also exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through the cash management system, which enables Tongaat Hulett to maximise returns while minimising risks. The impact of a 50 basis point move in interest rates will have a R26 million (2011: R22 million) effect on profit before tax and a R19 million (2011: R16 million) impact on equity.

Liquidity risk

Tongaat Hulett manages its liquidity risk by monitoring forecast cash flows on a weekly basis. There are unutilised established banking facilities of some R2 billion (2011: R1,5 billion). Tongaat Hulett continues to meet the covenants associated with its long-term unsecured South African debt facility.

Borrowings inclusive of interest projected at current interest rates:

Consolidated	Weighted average effective interest rate (%)	Due within 1 year	1 to 2 years	2 to 5 years	After 5 years	Interest adjustment	Total
2012							
Bank loans	7,0	3 259	210	1 203	401	(724)	4 349
Foreign loans	10,0	346	60	179	181	(157)	609
Other borrowings	6,8	185				(6)	179
Financial lease liability	5,1	6	1	1		(1)	7
Other non-interest bearing liabilities		1 747			14		1 761
Net settled derivatives		1					1
Total for Tongaat Hulett		5 544	271	1 383	596	(888)	6 906
Non-recourse equity-settled BEE borrowings		87	87	732		(169)	737
Total including SPV debt		5 631	358	2 115	596	(1 057)	7 643
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

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES (Rmillion)

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

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

27. SUBSIDIARIES CONSOLIDATED (Rmillion)

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

28. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

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

29. LEASES (Rmillion)

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

30. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

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

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

31. RELATED PARTY TRANSACTIONS (Rmillion)

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

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

Other related party information:
Total dividends paid to the holding company and other shareholders - refer to note 24
Directors - refer to notes 33 and 34
Tongaat Hulett Developments is a guarantor on Tongaat Hulett Limited's South African long-term unsecured loan facility

32. RETIREMENT BENEFITS

Pension and Provident Fund Schemes

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

Defined Benefit Pension Scheme

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

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

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

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

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

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

32. RETIREMENT BENEFITS continued

	2012 Rmillion	2011 Rmillion
Details of the IAS 19 valuation of the DB Fund (South Africa) continued**:**		
Fund assets less member liabilities	**1 282**	1 143
Employer surplus account	**(175)**	(216)
	1 107	927
Defined benefit pension fund asset	**(296)**	(296)
Asset restriction	**811**	631
Amounts included in the company's statement of financial position:		
Non-current assets:		
Defined benefit pension fund asset	**296**	296
Unrecognised actuarial gains	**(2)**	(2)
	294	294
Employer surplus account	**175**	216
Less current portion included in accounts receivable	**(60)**	(81)
	115	135
Current assets:		
Employer surplus account	**60**	81
Total amount included in the company's statement of financial position	**469**	510
The net asset is reconciled as follows:		
Balance at beginning of year	**510**	517
Net expense recognised in profit or loss	**(41)**	(7)
Balance at end of year	**469**	510

Amounts recognised in profit or loss:	**12 months**	3 months*
Service costs	**91**	23
Interest costs	**321**	76
Expected return on scheme assets	**(416)**	(101)
Net actuarial losses recognised	**45**	9
Net expense in respect of defined benefit accounting	**41**	7
Employer surplus account recognition		130
Defined benefit pension fund asset recognition		288

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

32. RETIREMENT BENEFITS continued

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

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

Estimated contributions payable in the next financial year

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

Basis used to determine the rate of return on assets

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

OTHER RETIREMENT BENEFIT SCHEMES

Defined Contribution Pension and Provident Schemes

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

Zimbabwe Pension Funds

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

32. RETIREMENT BENEFITS continued

Post-Retirement Medical Aid Benefits

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

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

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

32. **RETIREMENT BENEFITS** continued

Retirement Gratuities

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

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

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

Executive Directors' Remuneration (R000)

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

Executive directors' share incentive gains:

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

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

Remuneration of the three highest paid executives, other than directors

	2012	**2011**
Average of the three executives:		
Cash package	**3 112**	2 857
Bonus*	**1 680**	884
Retirement and medical contributions	**392**	360
	5 184	4 101
Share incentive gains	**2 559**	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	2012 Fees	2012 Other	2012 Total	2011 Fees	2011 Other	2011 Total
Non-executive directors:						
F Jakoet	**255**	**201**	**456**	223	206	429
J John	**255**	**253**	**508**	223	229	452
R P Kupara	**255**	**131**	**386**	223		223
J B Magwaza	**901**	**100**	**1 001**	801	79	880
A A Maleiane	**236**		**236**	223		223
T N Mgoduso	**255**	**103**	**358**	173	27	200
M Mia	**255**	**326**	**581**	223	272	495
N Mjoli-Mncube	**255**	**274**	**529**	204	261	465
S G Pretorius (from 3 August 2011)	**168**		**168**			
C B Sibisi	**255**	**87**	**342**	223	92	315
R H J Stevens (to 29 July 2011)	**67**		**67**	204		204
Directors who retired/resigned during the year				241		241
	3 157	**1 475**	**4 632**	2 961	1 166	4 127

Declaration of full disclosure

Other than that disclosed above, no consideration was paid to, or by any third party, or by the company itself, in respect of services of the company's directors, as directors of the company, during the year ended 31 March 2012.

Interest of directors of the company in share capital

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

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

34. EMPLOYEE SHARE INCENTIVE SCHEMES

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

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

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

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

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

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

Exercise price	The exercise price is the share price at grant date, as noted above, allocated between Tongaat Hulett and 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: R32,96 (2011: R33,42) and Hulamin component R10,44 (2011: R10,33)
Expected early exercise	Early exercise is taken into account on an expectation basis.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.

Weighted average remaining life:

- Expected	19 months (2011: 28 months)
- Contractual	120 months

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Share Appreciation Right Scheme 2005

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

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

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

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

Exercise price	The share price at grant date, as noted above.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2011 award: 7,95% (2010 award: 7,71%, 2009 award: 7,66%, 2008 award: 8,75%, 2007 award: 8,19%, 2006 award: 7,22%, 2005 award: 8,09%).
Expected volatility	Expected volatility of 30% (2010: 26,78%, 2009: 28% and 2008 and 2007: 27% and 2006 and 2005: 35%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,75% was used for the 2011 award (2010 award: 2,5%, 2009 award: 3,5%, 2008 and 2007 award: 3,44%, 2006 award: 4,00%, 2005 award: 3,92%).
Weighted average share price	As above.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is not allowed from the 2010 award onwards.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Estimated fair value per right at grant date	2011 award: R17,50, (2010 award: R20,00, 2009 award: R12,54, 2008 award: R16,93, 2007 award: R15,97, the combined TH and Hulamin components: 2006 award: R18,11 and 2005 award: R13,88).
Weighted average remaining life:	
- Expected	2011 award: 72 months (2010 award: 62 months, 2009 award: 50 months, 2008 award: 37 months, 2007 award: 29 months, 2006 award: 13 months, 2005 award: 1 month).
- Contractual	84 months.

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Long Term Incentive Plan 2005

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

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

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

Exercise price	The share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,75% was used for the 2011 award (2010 award: 2,5%, 2009 award: 3,5% and 2008 award: 3,56%).
Weighted average share price	As above.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	50% of the LTIP award will be subject to the TSR condition and 50% will be subject to the ROCE condition. No retesting of the performance condition is allowed.
Non-market performance conditions	Return on capital employed (ROCE).
Market performance conditions	Total shareholder return (TSR).
Estimated fair value per conditional award at grant date	2011 award: R40,54 (2010 award: R46,55, 2009 award: R40,76 and 2008 award: R56,82).
Weighted average remaining life:	
- Expected	2011 award: 26 months (2010 award: 14 months and 2009 award : 2 months).
- Contractual	36 months.

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Long Term Incentive Plan 2005 - Retention Awards

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

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

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

Exercise price	The share price at grant date, as noted above.
Expected option life	46 months (assume contractual plus a leaving percentage of 5%) for May 2011 awards and 48 months (assume contractual plus a leaving percentage of 0%) for November 2011 awards.
Expected dividends	The measurement of the fair value of the conditional share awards did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,75% was used for the 2011 award.
Weighted average share price	As above.
Time constraints	Four years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Estimated fair value per conditional award at grant date	31 May 2011 award: R65,87; 14 November 2011 award: R84,31 and 28 November 2011 award: R81,27.
Weighted average remaining life:	
- Expected	31 May 2011 award: 36 months, 14 November 2011 award: 43 months and 28 November 2011 award: 44 months.
- Contractual	48 months.

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Deferred Bonus Plan 2005

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

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

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

Share price at grant date	The price at which the deferred bonus share is issued, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 2,75% was used for the 2011 award (2010 award: 2,5%, 2009 award: 3,5% and 2008 award: 3,56%).
Weighted average share price	As above.
Time constraints	Three years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Estimated fair value per deferred bonus share at grant date	2011 award: R71,30 (June 2010 award: R81,18, March 2010 award: R81,75 and 2009 award: R60,69).
Weighted average remaining life:	
- Expected	2011 award: 26 months (June 2010 award: 14 months, March 2010 award: 11 months).
- Contractual	36 months.

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

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

Interest of directors of the company in share-based instruments

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

The Original Share Option Schemes

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

		Option price (Rand) Apportioned		Number of options at 31 March 2011		Options lapsed/ forfeited in 2011/12	Number of options at 31 March 2012	
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	16 May 2001	30,55	9,45		6 000	6 000		
	13 May 2002	37,88	11,72		6 000			6 000
					12 000	6 000		6 000
Total				66 900	125 000	6 000	66 900	119 000

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

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

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

Share Appreciation Right Scheme 2005

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

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

Long Term Incentive Plan 2005

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

34. EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

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

Deferred Bonus Plan 2005

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

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

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

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

35. BEE EMPLOYEE SHARE OWNERSHIP PLANS

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

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

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

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

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

35. BEE EMPLOYEE SHARE OWNERSHIP PLANS continued

Management Share Ownership Plan - Share Appreciation Right Scheme

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

Management Share Ownership Plan - Share Grant Scheme

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

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

Fixed share price at grant dates	R92,90
Expected option life	57 months (assume contractual plus a leaving percentage of 5%). Risk-free interest rate 1 August 2011 award: 5,73% and 1 February 2012 award: 5,56% (1 August 2010 award: 7,29%, 1 February 2011 award: 6,16%, 1 February 2009 award: 7,96%, 1 August 2009 award: 7,97%, 1 February 2010 award: 7,57%, 1 August 2008 award: 10,06%, 1 February 2008 award: 9,62% and 1 August 2007 award: 8,45%).
Expected volatility	The weighted average expected volatility is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years. 1 August 2011 award: 20,93% and 1 February 2012 award: 16,11%, 1 August 2010 award: 23,09%, 1 February 2011 award: 17,61%, 1 February 2009 award: 34,45%, 1 August 2009 award: 29,19%, 1 February 2010 award: 29,47%, 1 August 2008 award: 28,14%, 1 February 2008 award: 28,25% and 1 August 2007 award: 27,00%).
Dividend yield	The dividend yield on valuation date is based on broker forecasts from the financial information vendor, McGregor BFA. 1 August 2011 award: 3,86% and 1 February 2012 award: 2,70% (1 August 2011 award: 4,36%, 1 February 2011 award: 2,82%, 1 February 2009 award: 4,96%, 1 August 2009 award: 3,77%, 1 February 2010 award: 3,93%, 1 August 2008 award: 4,84%, 1 February 2008 award: 4,88% and 1 August 2007 award: 4,60%)
Expected early exercise	Not applicable.
Time constraints	Five years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.

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

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

Five Year Review

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

Other income includes the gain of R1,969 billion arising on consolidation of the Zimbabwe subsidiaries during the year ended 31 March 2010.
^ Other income includes the fair value adjustment of R3,348 billion relating to the investment in Hulamin prior to its unbundling in June 2007.
+ Includes Hulamin.

Definitions

PROFIT FROM TONGAAT HULETT OPERATIONS
Profit from Tongaat Hulett operations comprises results of continuing operations, Triangle dividend and centrally accounted costs.

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

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

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

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

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

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

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

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

Share Ownership Analysis

at 31 March 2012

Number of shareholders	Spread	Shares held	% Held
7 504	1 - 1 000 shares	2 771 472	1,98
2 705	1 001 - 10 000 shares	7 470 745	5,34
524	10 001 - 100 000 shares	16 522 883	11,80
144	100 001 - 1 000 000 shares	41 861 472	29,90
15	more than 1 000 000 shares	71 362 493	50,98
10 892	Total	139 989 065	100,00
	Category		
91	Banks	7 444 007	5,32
2	BEE TH Infrastructure and yoMoba SPV's	25 104 976	17,93
2	BEE Share Ownership Plans	9 740 908	6,96
116	Close Corporations	168 542	0,12
125	Endowment Funds	860 668	0,62
7 635	Individuals	7 841 630	5,60
38	Insurance Companies	1 986 245	1,42
35	Investment Companies	954 693	0,68
18	Medical Aid Funds	392 846	0,28
187	Mutual Funds	33 974 966	24,27
1 935	Nominees and Trusts	6 228 018	4,45
63	Other Corporations	172 160	0,12
378	Pension Funds	43 504 086	31,08
252	Private Companies	1 279 103	0,91
10	Public Companies	240 139	0,17
5	Share Schemes	96 078	0,07
10 892	Total	139 989 065	100,00
	Type of shareholder		
	Non-public		
6	Directors and associates of the company	320 520	0,23
4	BEE entities	34 845 884	24,89
5	Share Schemes	96 078	0,07
2	Issuer's retirement funds	1 015 132	0,73
17	Total non-public	36 277 614	25,92
10 875	Public	103 711 451	74,08
10 892	Total	139 989 065	100,00
	Beneficial shareholdings over three percent		
	Public Investment Corporation (GEPF)	21 083 810	15,06
	BEE - TH Infrastructure SPV (Pty) Ltd	13 947 209	9,96
	Allan Gray	12 213 548	8,72
	BEE - yoMoba SPV (Pty) Ltd	11 157 767	7,97
	Investment Solutions	8 253 780	5,90
	Tongaat Hulett BEE Employee Share Ownership Plan	5 422 829	3,87
	Tongaat Hulett BEE Management Share Ownership Plan	4 318 079	3,09

Corporate Information

Tongaat Hulett Limited
Registration Number: 1892/000610/06
JSE Share Code: TON
ISIN Number: ZAE 000096541

Company Secretary

M A C Mahlari

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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 twentieth annual general meeting of shareholders will be held at the Corporate Office, Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal on Friday 27 July 2012 at 09h00.

Order of business

1. To receive and adopt the annual financial statements of the company for the year ended 31 March 2012, such annual financial statements having been approved by the Board as required by Section 33(c) of the Companies Act 2008 ("the Act"), including the reports of the directors, the Audit Committee and the auditors, which are presented to the shareholders in the integrated annual report .

2. To re-appoint Deloitte & Touche (with Wentzel Moodley as designated auditor) as external auditors.

3. To re-elect directors in place of T N Mgoduso and C B Sibisi who retire by rotation in terms of article 61 of the memorandum of incorporation 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 on page 64 of the integrated annual report. M Mia will retire by rotation and will not seek re-election.

4. To elect SG Pretorius as director, having been appointed during the year ended 31 March 2012, who is required to retire in accordance with article 59 of the memorandum of incorporation and being eligible, offers himself for election. A motion for election will be moved individually. Details of the retiring director are set out on page 63 of the integrated report.

5. To re-elect JB Magwaza as director, who is required to retire having attained the age of seventy years, and who in terms of article 61 of the memorandum of incorporation, being eligible, offers himself for re-election, after the company resolved to retain his services for a further period of up to two years. A motion for re-election will be moved individually. Details of the director are set out on page 62 of the integrated annual report.

6. To elect the Audit and Compliance committee in terms of the Companies Act 2008. The committee will comprise a minimum of three members. The proposed members of the committee are J John (Chairman), F Jakoet and R P Kupara. Details of each of these committee members are set out on pages 62 to 63 of the integrated annual report.

7. 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
   9.1 authorize the general repurchase;
   9.2 resolve that the Company has passed the solvency and liquidity test described in Section 4 of the Act; and
   9.3 resolve that they are satisfied that the company's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes during the 12 month period referred to in Section 4 of the Act;
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: pages 62 to 64;
b. major shareholders: page 124;
c. directors' interests in the company's securities: page 111;
d. directors' responsibility statement: page 68;
e. share capital: page 90.

There have been no material changes since 31 March 2012.

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 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 27 July 2012 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.

Any Special Board Committee meeting, if required, would earn the same fees as the Remuneration Committee or Risk, SHE, Social & Ethics 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.

Proposed Directors' Fees from 27 July 2012 to 2013 AGM

Type of fee	Existing annual fees		Proposed annual fees from July 2012 AGM to the 2013 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	559 020	74 535	617 717	82 361
Non-Executive Directors	158 285	21 105	174 905	23 321
Audit and Compliance Committee:				
Chairman	155 405	34 535	171 723	38 161
Non-Executive Directors	77 710	17 265	85 870	19 078
Remuneration Committee:				
Chairman	123 990	27 540	137 009	30 432
Non-Executive Directors	61 990	13 770	68 499	15 216
Risk, SHE, Social & Ethics Committee				
Chairman	123 990	27 540	137 009	30 432
Non-Executive Directors	61 990	13 770	68 499	15 216

Non-binding advisory vote on remuneration policy

"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 59 to 60 of this 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 Wednesday 25 July 2012. 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

24 May 2012

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 27 July 2012 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:			
T N Mgoduso			
C B Sibisi			
J B Magwaza			
Election of director:			
S G Pretorius			
Election of Audit & Compliance Committee until the next AGM:			
F Jakoet			
J John			
R P Kupara			
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.			
Non-binding advisory vote endorsing the company's remuneration policy.			

Signed this .... day of .... 2012 Signature ....

Completed forms of proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Wednesday, 25 July 2012.

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.

Notes:

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

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

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

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

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

Tongaat Hulett

www.tongaat.com