INTEGRATED ANNUAL REPORT 2014

Value creation for all stakeholders through an all-inclusive approach to growth and development

Tongaat Hulett

Ridgeside – Umhlanga

ABOUT THIS REPORT

Tongaat Hulett endorses the principles of transparency and accountability and particularly the concomitant commitment to report on the business's performance, strategy and prospects in a manner that is meaningful to all stakeholders. This integrated annual report, therefore, endeavours to report on the company's strategic positioning and progress in a comprehensive and integrated manner to shareholders, investors and analysts, farmers, government authorities and regulators, local communities, employees, customers, suppliers and service providers.

This integrated annual report provides an overview of Tongaat Hulett's financial and non-financial performance for the 12 months ended 31 March 2014, with comparative data for the prior period.

The report approaches the six capitals of value creation described by the International Integrated Reporting Council's <IR> Framework in a holistic manner. The impact on and contributions to the business by financial, social and relationship, natural, human, manufactured and intellectual capital are described in this integrated annual report.

MATERIALITY PROCESS

The content of the integrated annual report was developed by considering regulatory requirements, guidelines, and previous reports, as well as a materiality determination process that included a diverse group of stakeholders. The principles embodied in the King Report on Governance for South Africa and the King Code on Governance Principles 2009 (King III), the International Integrated Reporting Framework and the Global Reporting Initiatives (GRI) Guidelines (3.1) contributed to the compilation of this report. Matters that have a high likelihood of impacting the company's ability to create value in the short, medium and long term were considered material.

ASSURANCE AND APPROVAL

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 and Compliance, and Risk, SHE, Social and Ethics Committees, that all material matters facing the company are adequately managed and that assurance activities are integrated and coordinated in the most efficient and proficient manner. The following service providers provided external assurance of the various elements of the integrated annual report:

- Annual financial statements – Deloitte & Touche
- Review of internal controls and risk review – KPMG
- Sustainability – Integrated Reporting and Assurance Services (IRAS)

This report has been approved through various processes including the Tongaat Hulett Board meeting on 22 May 2014.

NAVIGATION

This icon indicates where more detail can be accessed online.

This icon indicates where more detail can be accessed elsewhere in this report.

CONTENTS

SNAPSHOT

Tongaat Hulett

Agriculture and agri-processing (sugarcane/sugar and maize/starch) and renewable energy (electricity generation and ethanol production)

Conversion of agricultural land to development (urban expansion and prime coastal land)

Large-scale operations located in six countries in the SADC region

Long-standing and deep appreciation of socio-economic dynamics of the region

INVESTMENT CASE

Tongaat Hulett creates value for all stakeholders through an all-inclusive approach to growth and development.

From an investor perspective, the business's strategic positioning and objectives focus on the following key points:

- **Growth from existing sugar and starch asset and business base**
  - Firstly, increasing sugar production by some 50 percent from existing unutilised milling capacity - low cost and high incremental profit per additional ton of sugar produced. Platform for further brownfield/greenfield regional expansion
  - Increasing cane supplies - higher yields and greater areas under cane, with a particular focus on developing private farmers
  - Well-established market positions, brands and market opportunities - local, African, EU and other international markets
  - Renewable energy opportunities to increase revenue from sugarcane - electricity generation from fibre and ethanol production to replace export sugar
  - Starch - local and African market growth, supplied from existing available wet-milling capacity
- **Socio-economic position going from strength to strength**
  - Strategic positioning in the region is underpinned by the inextricable link between agriculture, sugar production, rural jobs and community development, government and local authorities, unlocking infrastructure investment and the conversion of cane land to development
- **Land conversion**
  - Unique land portfolio and well-established development platform - in the fastest-growing area of KwaZulu-Natal
  - Accelerating pace of land conversion, increasing momentum and substantial step-up in value being unlocked, with cash generation
- **People** - multiple advanced core competencies, good governance, strong executive and Board leadership
- **Sound sustainability strategy and track record** - from environmental stewardship through to the specifics of safety at the operations
- **Strong balance sheet with high-quality assets**
- **Increasing earnings and cash flows** - leading to higher dividends

SALIENT FEATURES OF 2013/14

REVENUE
R15,716 billion
+9%
(2013: R14,373 billion)

OPERATING PROFIT
R2,374 billion
+11%
(2013: R2,131 billion)

OPERATING CASH FLOW
R2,934 billion
+34%
(2013: R2,182 billion)

HEADLINE EARNINGS
R1,106 billion
+4%
(2013: R1,067 billion)

ANNUAL DIVIDEND
360 cents per share
+6%
(2013: 340 cents per share)

Profit from land conversion of R1,080 billion on sales of 259 developable hectares. A further **8 200 developable hectares still available** and earmarked for development.

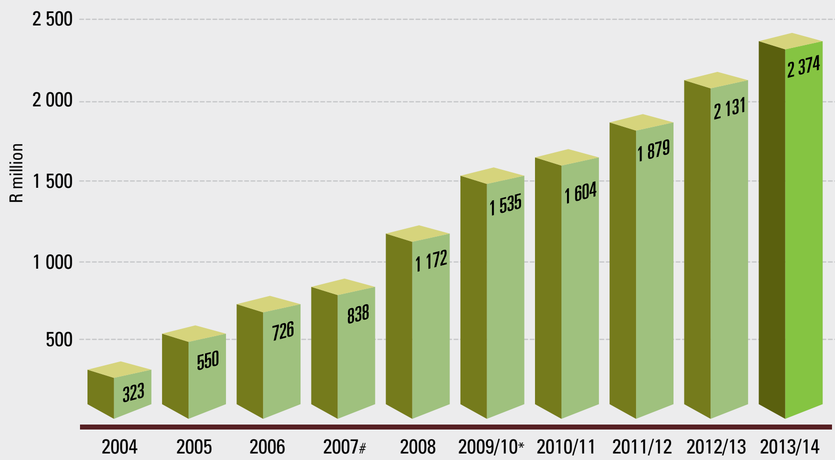
Starch operations generated operating profit of **R482 million (+24%).**

Sugar production increased by 170 000 tons to 1,424 million tons (existing capacity > 2,1 million tons per annum). **Major cost reductions** were achieved. Low international sugar prices and severe import competition were experienced. Overall **revenue** earned and **cane valuations** were negatively impacted by some R1,5 billion compared to the prior year.

In **Kwazulu-Natal, new sugarcane planting totalled 24 979 hectares** over the last three years and has created some **6 250 direct jobs in rural areas.** A Jobs Fund grant of R150 million has been secured for further new planting over the next three seasons. **In Zimbabwe**, there are now some **813 active indigenous private farmers, farming on some 14 000 hectares** and employing more than 6 700 people, who supplied 1 017 000 tons of cane generating US$58 million in annual revenue in 2013/14.

An **Integrated Human Settlement project in Cornubia** was officially opened on 6 April 2014. The project will provide 15 000 fully subsidised houses and 10 000 houses that will be sold by the municipality at market-related prices. It includes **social infrastructure, commercial and industrial developments.**

OPERATING PROFIT



2007 and prior: profit from Tongaat Hulett operations within the old Tongaat-Hulett Group
* Change in financial year end from December to March

Xinavane - Mozambique

Tongaat Hulett is an agriculture and agri-processing business, focusing on the complementary feedstocks of sugarcane and maize. Its ongoing activities in agriculture have resulted in the company having a substantial land portfolio. Tongaat Hulett's unique skill and competence in the conversion of agricultural land to development, is a key driver of the fundamental shift in the pace and value unlock from the company's land conversion activities and property portfolio. Through its sugar and starch operations, Tongaat Hulett produces a range of refined carbohydrate products from sugarcane and maize, with a number of products being interchangeable. The business's sugar operations are well placed to benefit from evolving dynamics of renewable electricity and ethanol in South Africa, and the Southern African Development Community (SADC) region. Tongaat Hulett's long-standing and deep appreciation of the socio-economic profile of the region is an integral component of the business being able to deliver on its strategic objectives.

The business as it stands today arose from the merger of the Tongaat Group Limited and the Huletts Corporation Limited, and its operations date back to the mid-1800s. The company has a primary listing on the Johannesburg Stock Exchange which dates back to 1952, and a secondary listing on the London Stock Exchange.

Details of the business's ongoing activities in partnering with its stakeholders together with initiatives undertaken in dealing with these stakeholders are set out on page 41. The business's key stakeholders include shareholders, governments, third party farmers and their representative bodies, suppliers, communities, employees and people impacted by company operations and its growth and development activities.

SUGAR OPERATIONS

Mozambique

The Mozambique sugar operations comprise the expanded sugar mills and estates surrounding Xinavane and Mafambisse. As at 31 March 2014, 22 072 hectares of Tongaat Hulett land was farmed under sugarcane with 6 155 hectares under private grower and community-based schemes. Sugar production capacity at the Xinavane mill is now more than 240 000 tons in a 32-week crushing season, while the Mafambisse mill has an existing 90 000 tons of sugar production capacity. The two operations have a combined installed milling capacity in excess of 330 000 tons of sugar per annum. The sugar estates are irrigated and are located in areas with favourable growing conditions, resulting in high cane and sucrose yields. These favourable agricultural conditions, close proximity to ports, and the technical support from South Africa, position the Mozambique operations well for further growth.

South Africa

The company's South African sugar operations, on the KwaZulu-Natal north coast and in the Zululand region, operate four sugar mills at Maidstone, Darnall, Amatikulu and Felixton. These mills have an installed capacity to crush more than 8,5 million tons of cane per annum, which is equivalent to over 1 million tons of raw sugar. Cane supplies come from a combination of own estates (predominately rain-fed), large-scale commercial and small-scale farmers in rural KwaZulu-Natal. The operation's central refinery in Durban produces some 600 000 tons of high-quality refined sugar per annum, with the primary product being the leading Huletts® brand. The South African sugar product range offers a total sweetener solution including a range of high-intensity sweeteners.

The animal feeds operation, Voermol Feeds, is located at the Maidstone mill in Tongaat, KwaZulu-Natal. Tongaat Hulett manufactures and markets a range of energy and supplementary feeds to the livestock farming community through its Voermol® brand, using bagasse and molasses. Voermol Feeds is the market leader in the molasses and pith-based animal feeds industry in South Africa.

Zimbabwe

The sugar operations in Zimbabwe consist of Triangle and a 50,3 percent stake in Hippo Valley Estates, representing a combined installed sugar milling capacity of more than 640 000 tons. As at 31 March 2014, the Zimbabwe operations are supplied by 44 833 hectares of sugarcane land (own estates and private farmers) with a potential to produce in excess of 4 million tons of sugarcane. The total refined sugar installed capacity is 140 000 tons and the Triangle ethanol plant has an installed capacity of 40 million litres over a 48-week production season. The Huletts Sunsweet® brand is the leading sugar brand in the county. The Lowveld in Zimbabwe, with

excellent topography, climate and established water storage and conveyance infrastructures for irrigation, is recognised globally as a highly competitive sugar production area.

Swaziland

Tongaat Hulett's Tambankulu sugarcane estate in Swaziland is situated in the north east of the country and comprises 3 838 hectares of fully irrigated estates. The estates have consistently achieved excellent sucrose yields and deliver cane to the nearby Simunye and Mhlume sugar mills. The estates have the capacity to produce a Raw Sugar Equivalent (RSE) of 61 000 tons per annum.

Botswana and Namibia

The Namibian operation has the capacity to pack and distribute 80 000 tons of sugar per annum while in Botswana, Tongaat Hulett has a 60 000 tons per annum packing and distribution operation. Tongaat Hulett will benefit from future growth in consumption in Botswana and Namibia with its leading Blue Crystal® and Marathon® brands.

Renewable energy

The eight sugar mills in Mozambique, South Africa and Zimbabwe all generate electricity from fibre in sugarcane (bagasse) during the sugarcane crushing season. In some instances these operations supply electricity to the grid. In Zimbabwe, Triangle has an ethanol plant, which provided supplies to the fuel pool during 2013/14. Tongaat Hulett is well placed to benefit from evolving renewable energy dynamics with the potential to replace it's existing power stations with latest-technology, higher efficiency electricity plants, as well as the opportunity to convert its export sugar to ethanol.

STARCH AND GLUCOSE OPERATION

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 bought-in maize per annum into starch and starch-based products. The business 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 company's Amryal corn starch, Hydex and Vaalgold Gluten 60 are some of the leading starch, glucose and animal feed ingredient brands in South Africa. The business 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.

LAND CONVERSION ACTIVITIES

Urbanisation is continuing and accelerating in KZN. Tongaat Hulett presently owns 8 200 developable hectares of land that it has identified for conversion from agriculture to other uses. All of this land is situated in the primary growth corridors of the KZN Province and has strong government policy support for conversion at the appropriate time.

Land conversion takes place over a number of years, and the land is used to optimal productivity throughout the conversion process, remaining under sugarcane until the final transition to development takes place.

Tongaat Hulett has long recognised the conversion of agricultural land to other uses in a proactive and optimised manner as a central strategy through which it creates substantial value in cooperation with and for many stakeholders. Through its long-established core competencies, relationships and track record that cannot easily be replicated, Tongaat Hulett has been part of the establishment of an exceptional platform for investment and value creation from the growth and competitiveness of Durban, Umhlanga, Ballito and the KZN north coast region.

GEOGRAPHIC FOOTPRINT

SUGAR OPERATIONS

Mozambique
Xinavane
Mafambisse

South Africa
Felixton Mill
Amatikulu Mill
Darnall Mill
Maidstone Mill
Huletts Refinery

Swaziland
Tambankulu

Zimbabwe
Hippo Valley
Triangle

Namibia
Tsumeb Distribution Facility
Walvis Bay Distribution Facility

Botswana
Distribution Facility

STARCH OPERATIONS

Wet-milling operations
Sales and distribution

South Africa
Germiston Mill
Meyerton Mill
Kliprivier Mill
Bellville Mill
Chloorkop Mill

Zimbabwe
Harare

LAND

Detailed maps of Tongaat Hulett's land conversion activities can be found from page 30 onwards

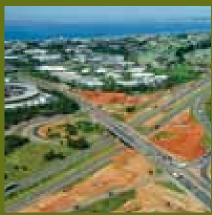
OFFICES

Amanzimnyama
Land and Property Developments
Starch - Meadowdale
Tongaat Hulett Namibia
Tongaat Hulett Botswana
Harare
Maputo

BUSINESS PROCESSES AND INPUTS

PEOPLE | LAND | COMMUNITIES |

Tongaat Hulett's geographic footprint in the SADC region is a core enabler across the company's operations and relationships.



LAND CONVERSION ACTIVITIES

SUGAR OPERATIONS

STARCH OPERATIONS

Agricultural land identified for development

Conversion and development activities over time

Sugarcane farming and supplies

Maize supplies

MILLING PRODUCTION DISTRIBUTION

OUTPUTS

COMMUNITY PARTICIPATION

RENEWABLE ENERGY ELECTRICITY AND ETHANOL

GOVERNMENT PARTNERSHIPS

CO-PRODUCTS

LONG-TERM REGIONAL SUSTAINABILITY

ANIMAL FEEDS FROM MAIZE AND SUGARCANE

HOUSING

Socio-economic development

JOB CREATION

SUGAR PRODUCTS

Synergies and product innovation

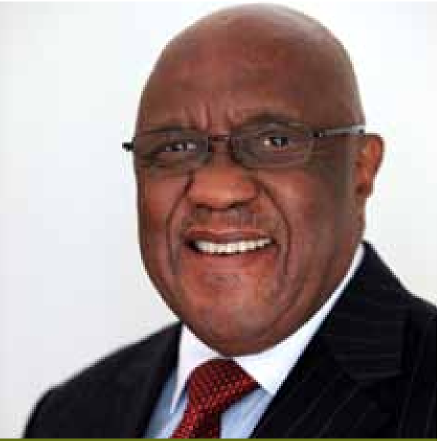
STARCH PRODUCTS

OUTCOMES

Regional development, job creation, land and property development

Employment, food security, economically active communities

CHAIRMAN'S STATEMENT



JB Magwaza
CHAIRMAN

It gives me great pleasure in my last year as Chairman of Tongaat Hulett, to present my statement to shareholders. It is pleasing to refer to another successful year, with the company delivering outstanding results achieved in the current reporting period and continuing to create value for our shareholders, particularly in the face of the challenges experienced in the sugar markets. Revenue, operating profit, operating cash flow and headline earnings all increased as detailed in the financial results. I am delighted with the momentum and value reflected in land conversion and development activities and the solid performance from the starch operations. Sugar performance was hampered by severe market conditions, as fully outlined in the CEO's review.

CHAIRMAN'S SUCCESSION AND DIRECTORATE

I have had the privilege of working for the company for over 39 years, both in an Executive and Non-executive capacity and as Independent Non-executive Chairman since 2009. As I will be retiring at the conclusion of the forthcoming Annual General Meeting (AGM) on 30 July 2014, I am pleased to congratulate and welcome Bahle Sibisi in his new role as Non-executive Chairman of the board with effect from 30 July 2014. I have every confidence that he will provide valuable guidance to the Board, and make a positive contribution to the company's continued growth. Owing to Bahle's participation in the Tongaat Hulett BEE equity structure, the Board appointed Jenitha John, who is an independent non-executive director and currently chairman of the Audit and Compliance Committee, as Lead Independent Director as required by the JSE Listings Requirements and in accordance with the King Code, in situations where the Chairman of the Board is not independent. This appointment is also with effect from 30 July 2014.

During the year, Bruce Dunlop retired from the Board and company after 33 years of service. Bruce has had an extensive career with Tongaat Hulett and on behalf of the board I thank him for his dedication and commitment. He continues to offer his services to the company in a consultative capacity.

BUSINESS SUSTAINABILITY

Tongaat Hulett seeks to create value through a sustainable and holistic approach for all stakeholders. The process of engaging with the widest range of stakeholders in order to understand the societal context is long established and integrated into the business. The company has an ethical responsibility to address significant societal and environmental challenges such as increased demand for natural resources, water scarcity and continued climate change. As a forward thinking business, I am confident that the company will be able to turn these challenges into opportunities. For the business to prosper and deliver sustained shareholder value, the focus must be on the meaningful pursuit of value creation for all stakeholders. The sustainability report which commences on page 39 considers the key themes of how the business manages its six capitals (natural, human, manufacturing, social and relationship, financial and intellectual), and demonstrates the various initiatives undertaken by the business in this key arena.

The safety of employees across all operations continues to be an area of high priority, with the company currently driving a zero harm campaign that seeks to transform the organisational culture from one where stakeholders rely on management support and systems to an interdependent culture where individuals look after each other and prevent injuries across the company's stakeholder society. Despite all continued efforts to ensure the highest standards of safety and occupational health, regrettably there was one fatality recorded during the year under review. I extend my heartfelt condolences to the affected family, friends and colleagues.

Tongaat Hulett continues on the crucial journey of advancing various initiatives in the sustainability arena, which include renewable energy, carbon management, water resource management, effluent and waste management, climate change and sustainable agriculture. Various components of these themes are covered in the sustainability report.

The Board is looking to the future with optimism on the company's ability to meet the challenges and many exciting opportunities in achieving its business sustainability objectives, given its strong strategic platform, sustainable agricultural and business practices and astute stakeholder engagement. I am immensely proud of the leadership demonstrated by management and recognize that stakeholder expectations continue to increase in various areas.

DIVIDEND

A final gross cash dividend of 210 cents per share has been declared. The final dividend, together with the interim dividend of 150 cents per share, amounts to a total dividend of 360 cents per share for the financial year ended 31 March 2014, which compares with the 340 cents per share paid out in the previous year, reflecting an increase of 6 percent .

STAKEHOLDER ENGAGEMENT

Tongaat Hulett has a proud history of maintaining positive relationships with its stakeholders. Regular interface with the investment community, shareholders, governments, small-scale and commercial private farmers and their representative bodies, communities, employees are part of the organisational culture. The sustainability report expands on the many initiatives and activities undertaken by the company in stakeholder management.

CORPORATE GOVERNANCE

As the custodian of corporate governance, the Board continues to maintain its commitment to principles of corporate discipline, ethical leadership, transparency, integrity and accountability. The board confirms that it applies in all material respects, the principles embodied in King III, the listing requirements of the JSE, the Companies Act and other pertinent legislation by which it is bound.

Tongaat Hulett continues to strive to embed best practice corporate governance principles. The company's approach is to view corporate governance not as a mere compliance exercise, but as an integral part of how business is conducted, and continuing to build a lasting legacy whilst creating long-term value for stakeholders. I am proud of the pivotal role played by the Board in providing ethical leadership and setting a tone of integrity in the company. This can only ensure that the company is sustainable now and going into the future.

APPRECIATION

I conclude by expressing my gratitude and appreciation to the Board for its continued wisdom, stewardship and strategic guidance over the years. It has been a privilege for me to be part of Tongaat Hulett over so many years and to bear witness to the remarkable growth of the business. To the CEO Peter Staude and the executive team, the Board joins me in thanking you for your sterling efforts in implementing a robust strategy and business plan that underpin so much of our consistent success. I also applaud the loyalty and dedication of our employees, who have once again been instrumental in producing another successful year. Finally, I also wish to express our sincere appreciation to all our stakeholders whose continued support and commitment to the business as it continues to deliver on its strategic objectives is greatly appreciated.

J B Magwaza

Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal
22 May 2014

SOCIO-ECONOMIC POSITIONING

Tongaat Hulett's activities in the areas in which it operates are central to the key socio-economic issues of growth and development. The business has a significant advantage in its long-standing constructive relationships with rural communities, governments and other key stakeholders in the SADC region. There is increasing evidence of the pro-active role that Tongaat Hulett is playing, in partnership with other key stakeholders, in multiple locations across the SADC region to improve the socio-economic dynamics of rural communities and communities in the lower socio-economic strata. These interventions are taking place on a level that is sufficient to make meaningful and substantial positive impacts on the stakeholders with which Tongaat Hulett is partnering. Examples of key initiatives are detailed below:

Partnering with local governments and other key stakeholders to grow and develop small-scale private farmers and create value for rural communities

- In **Mozambique**, some 2 735 indigenous private farmers on 6 155 private and leased hectares supplied sugarcane to Tongaat Hulett operations during the year under review.
- The SusCo project in **Zimbabwe** is ongoing and currently 813 farmers are actively farming on 14 000 hectares. At the conclusion of the SusCo project, 872 farmers will farm 15 880 hectares of land.
- 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 to contribute to skills transfer and the development of previously unemployed rural community members. Visit our website for more detail at www.tongaat.com

Developing and implementing a portfolio of land and property development approaches that are integral to the economic growth of the region

- Tongaat Hulett's ongoing property developments in the KZN North Coast region are contributing to increased investment, infrastructure and job creation in the key growth nodes around Umhlanga, Ballito and the Airport region.
- Within Durban/eThekwini and adjacent municipalities, Tongaat Hulett's attention is firmly on evolving as a partner of choice for social delivery around housing, infrastructure, jobs and economic opportunities. The Durban and Ballito area has a growing population of 3,9 million people and a housing backlog of some 400 000 units. These factors are contributing to ongoing expansion into Tongaat Hulett's land holdings both to the north and west. This creates opportunity within the Durban/eThekwini Municipality and surrounding local and district municipalities for the business to respond proactively within its land conversion portfolio in formulating and implementing responses that maximise delivery in respect of the needs of communities of lower socio-economic status.
- Details of the business's successful partnership with multiple spheres of government in the development of the Cornubia Integrated Housing Settlement, have been provided in this report and provide an indication of the models that can be implemented to successfully address the needs of people from lower socio-economic strata. Visit our website for more detail at www.tongaat.com

Maintaining and developing strong relationships with Tongaat Hulett's stakeholders

- Tongaat Hulett has long standing relationships with many stakeholders including shareholders, private farmers, rural communities, representative bodies, governments, employees and suppliers. The company interfaces with its stakeholders in a transparent manner that seeks to understand the unique context within which each stakeholder grouping operates.

More information on Tongaat Hulett's stakeholder engagement can be found on page 41.

GROWING SUGAR PRODUCTION FROM 1,424 MILLION TONS TO MORE THAN 1,800 MILLION TONS OVER THE NEXT FOUR YEARS

from existing installed milling capacity, through increasing the supply of sugarcane to milling operations

Tongaat Hulett is in the fortunate position that it has > 700 000 tons per annum of existing unutilised milling capacity, with a replacement value of some R13 billion. The increasing cane supply, required to use this capacity, is being driven by improvements in cane growing yields and sugar recoveries together with additional hectares being planted to cane, with a particular focus on private farmers and rural communities. Tongaat Hulett continues to optimise its market positions and focus on initiatives that will increase the revenue that can be earned from sugarcane. To utilise this additional capacity requires very little additional capital and operating cost.

Sugar production - momentum established

Tongaat Hulett has increased its sugar production by 400 000 tons in the past three years to 1,424 million tons, with a target of more than 1,8 million tons by 2017/18. To achieve the targeted production, the priority remains to increase sugarcane supplies through the appropriate balance of a combination of improved cane yields, sugar recoveries and adittional hectares under cane.

- 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.
- The business continues to use emerging possibilities for cane development to prioritise the establishment of indigenous black farmers in collaboration with communities, local governments and other relevant stakeholders, in all its areas of operation.

To put Tongaat Hulett's sugar production into context, the world's largest sugar company produces less than 5 million tons sugar per annum in a total market of some 180 million tons. The sugar industry is regionally-driven, with no dominant individual producers. Success is driven by capabilities in local agriculture and local/regional markets, together with socio-economic positioning.

Global production and consumption

Global sugar prices are volatile and continue to be impacted, inter alia, by surpluses or shortages. On the supply side, changes can happen rapidly based on farmer behaviour and weather patterns. Lower prices impact the extent of fertilizer and other inputs that are used by farmers, which in turn will affect future production. On the demand side, global demand for sugar has been consistently rising at two percent per annum. Growth in the global consumption of sugar is primarily driven by increasing demand in developing countries, which historically have a low per capita consumption as a result of limited availability and distribution capacity.

In the African context, there are many countries that are currently in a sugar deficit position, and therefore could benefit from Tongaat Hulett growing into its available milling capacity.

Africa, with more than one billion people, is an attractive sugar market with growing consumption.

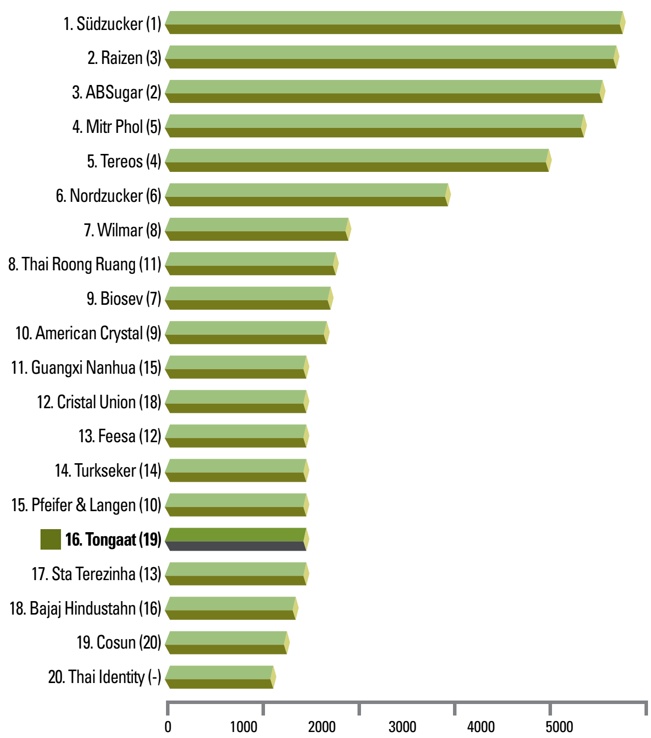
Sugar Markets

Tongaat Hulett focuses primarily on the local markets in which the company has operations, and seeks to limit the extent of raw sugar imports into these countries.

The company supplies sugar into various regional African markets, particularly where sugar deficits exist and the per capita consumption continues to grow.

World sugar production by company

(1000 tonnes rv, 2013/14, figures in brackets = 2012/13 rank)



Recently published F.O. Licht's International Sugar and Sweetener Report

The Mozambique, Zimbabwe and Swaziland operations have "duty- and quota-free" access into the EU. The duty-free, quota-free access for sugar granted to ACP (African Caribbean Pacific) and LDC (Least Developed Countries)/EBA (Everything but Arms) countries will remain in place beyond October 2017. Tongaat Hulett has well established links into the EU together with a good customer base.

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). Tongaat Hulett with its leading Huletts® brand is well positioned to continue benefiting from any further growth in domestic consumption.
- The company is poised to benefit from future growth in consumption in Botswana and Namibia with its leading Blue Crystal® and Marathon® brands.
- The Huletts Sunsweet® brand is the leading sugar brand in Zimbabwe, and is well positioned to benefit when domestic consumption levels return to rates seen prior to hyper-inflation in the country.
- Mozambique has seen a 66 percent increase in it's sugar consumption over the past ten years. The country's per capita consumption is well below other countries in the region.

GLOBAL SUGAR '000 Tons *	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15 projection
Sugarcane and beet production	167 041	150 070	159 782	167 982	174 777	186 458	180 109	177 783
Estimated consumption	161 066	160 787	162 969	164 908	168 837	173 747	176 825	180 396
Surplus/(Deficit)	5 975	(10 717)	(3 187)	3 074	5 940	12 711	3 284	(2 613)
Estimated world closing stock	64 580	53 863	50 676	53 750	59 690	72 401	75 684	73 071

* Information provided by LMC International

Reducing Costs of Production

Tongaat Hulett has an ongoing cost reduction process with a particular focus on bought-in goods and services, marketing, transport and salaries and wages. Sugar production costs have a high fixed cost percentage and unit costs of production will continue to benefit from further growth in volumes from the existing asset base.

- 80 percent of sugar milling costs are fixed, 90 percent of overhead costs are fixed and the majority of farming costs are fixed per hectare. Volume increases will lead to reductions in unit costs. The business will continue to ensure that it optimises the tons 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 kilometre radius. The growth in sugarcane supplies and subsequently sugar production will lead to a substantial reduction in the unit cost of production.

RENEWABLE ENERGY

The global sugar industry has seen a fundamental shift take place, as increasing quantities of sugarcane are directed at renewable electricity generation and ethanol production as a comprehensive rural and agriculture development strategy, an effective carbon dioxide (CO_2) mitigation strategy and an alternative to crude oil-based fuels. The introduction of renewable energy products into the sugar value chain provides an opportunity to extract more value from the cane plant and the synergies between the three products (sugar, ethanol and electricity) provide opportunities to reduce costs and increase competitiveness.

- A core pillar of the electricity planning of the South African Department of Energy focusses on the development of renewable and co-generation electricity through Independent Power Producers (IPPs). The electricity procurement through IPPs is being aligned with the government objectives to grow the economy significantly and contribute to the potential for job creation on the scale that government is targeting.
- Tongaat Hulett has the potential to generate around 300MW of electricity using the cane fibre available in its South African operations. The business is well advanced in the development of plans for its first 95 MW high efficiency electricity generation plant based on cane fibre in anticipation of the RFP process for co-generation.
- Tongaat Hulett is currently developing plans for a 120 million liter per annum fuel ethanol plant. This planning ties in with the projected increase in cane supply to the South African milling operations, and is based on the conversion of export sugar into ethanol.

GROWING STARCH AND GLUCOSE PRODUCTION

The expansion of the economically-active population in South Africa and the rest of Africa is positive for the volume growth of these products and with the ability to increase production, from existing installed wet-milling capacity, the company is well placed to benefit from increased demand. The business currently has 20 percent of its installed up-stream wet-milling capacity available.

- Tongaat Hulett's customers in the coffee and coffee creamer sectors are seeing increased demand for their product in the SADC region and beyond, and the company's recent investment in its downstream capacity will ideally position it to further support this growth market.
- 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.

UNLOCKING SUBSTANTIAL VALUE IN THE LAND PORTFOLIO

Accelerating the pace of land conversion and cash flow, benefitting from the activities undertaken over the past few years

Tongaat Hulett is in a unique position with its extensive portfolio of cane land in KZN that can be converted to urban, tourism and other high-value uses with Durban/eThekwini, Umhlanga, Ballito and the Airport region expanding into its landholdings. These dynamics are leading to increasing value uplift, earnings and cash flow generation from land conversion.

The central strategic thrust of Tongaat Hulett's land conversion process is to create substantial value for all stakeholders.

The success of the process to date and the value to be created into the future is fundamentally underpinned by deep and constructive relationships with national, provincial and local spheres of government and with the various communities in the region. Tongaat Hulett's profile as a locally-owned, active partner of government and communities in growing agriculture and creating sustainable livelihoods for rural communities in KZN is a unique advantage in ensuring that the highest value is created from this land conversion process.

Land conversion from an agricultural base to higher-intensity urban uses requires policy and planning leadership from the appropriate sphere of government. Tongaat Hulett has collaborative relationships with all spheres of government that are essential to maintain the momentum of infrastructural investment for the benefit of all stakeholders.

The nature and style of the land conversion process varies, depending on the potential usage and positioning of the land concerned. Currently, some of the key themes being focused on are: urban growth and consolidation in the Umhlanga region; coastal/lifestyle/leisure/high-end residential; the airport region – business and residential; urban expansion west of Durban; resort development in the coastal area north of Ballito; and integrated housing and development in the greater Durban areas for people from the lower socio-economic strata.

The Durban/eThekwini and kwaDukuza/iLembe/Ballito area has an expanding economy. Key expectations underpinning the accelerated pace of and increasing value creation from Tongaat Hulett's land conversion processes in KZN are:

- The increasing impact and acceleration of development in Umhlanga as the prime location for real estate investment in the Durban region, within which Tongaat Hulett is the largest landowner, with some 1 100 developable hectares in place for conversion to development over the next few years, predominantly at the higher end of the value realisation spectrum.
- Durban's international airport is ten kilometres north of Umhlanga. The attractiveness of this area for local and foreign fixed investment is increasing continuously. Tongaat Hulett is focussing on some 1 725 hectares of land in the region immediately surrounding the airport towards attracting investment over the next five years and is working actively with the KZN government, Dube TradePort company, ACSA, eThekwini, kwaDukuza and iLembe municipalities and other key stakeholders to establish the platform for this investment to start taking place.

STRATEGIC POSITIONING AND THRUSTS CONTINUED

- Tongaat Hulett owns a prime landholding of some 1 100 developable hectares at Ntshongweni, straddling the N3 highway west of Durban near Hillcrest, and is collaborating successfully with key government role-players to accelerate planning processes and unlock key infrastructure to introduce a new prime investment location into the Durban region within the next few years and open up a significant new and untapped market for Tongaat Hulett's land conversion activities. The company anticipates seeing land sales coming out of some 296 developable hectares in this area during the next five years, including a new super-regional shopping centre and mixed use town centre, extensive light industrial and logistics parks and further residential growth of the Hillcrest area towards the N3 corridor.
- A prominent opportunity that offers substantial growth is the creation of a market product to address the significant demand for high-quality, well-located and affordable residential neighbourhoods, incorporating all the attendant social services such as education, healthcare and retail facilities. Tongaat Hulett is focussing on this market throughout it's priority land areas.
- The coastal tourism, resort and lifestyle residential sectors in KZN remain constrained by a lack of available land and Tongaat Hulett is collaborating with various stakeholders to address this need from within it's prime coastal landholdings north of Durban and Ballito.

More information on Tongaat Hulett's land conversion activities can be found on page 30.

SOCIAL SUSTAINABILITY AND INNOVATION

Tongaat Hulett's evolution in the priority area of social sustainability has become increasingly innovative. This includes a holistic approach to socio-economic development, corporate social responsibility and safety, health and environment.

- Social sustainability and innovation are fundamental to the business as Tongaat Hulett seeks demonstrable and practical outcomes in terms of positive social transformation, environmental stewardship and community-upliftment. The evolution of Tongaat Hulett, in continuing to be regarded as a responsible corporate citizen, has also over many years seen the business continue to embrace good corporate governance by adhering to legal and accepted business practices as embodied in the principles of the King III corporate governance framework. The company continues to uphold the principles of Corporate Social Responsibility by demonstrating to society its commitment to philanthropic and empowerment initiatives within the communities in which it operates.
- The safety and welfare of all employees, which amounts to some 35 000 people during the peak milling period, remains a key priority as the business strives towards establishing an organisational culture with a zero harm approach.
- Tongaat Hulett has a substantial land footprint, with some 150 000 hectares of private land under maize supplying the four starch operations while in Mozambique, South Africa and Zimbabwe, more than 150 000 hectares of land supply cane to the business's eight sugar mills. It is within this context that the company subscribes to principles of sustainable development, which encompass safety, health and environment.
- The business's participation in various sustainability reporting initiatives, including the Carbon Disclosure Project (CDP), the CDP Water Disclosure Project, the Nedbank Green Fund and its listing on the JSE's Social Responsibility Investment index for the tenth consecutive year, is testimony to Tongaat Hulett's committment to sustainability and stakeholder value creation.


PMD
PMD PMD

CHIEF EXECUTIVE'S REVIEW

PETER STAUDE
CHIEF EXECUTIVE OFFICER

Tongaat Hulett responded vigorously with multiple broad-based actions in a year when the business had to deal with the impacts of low international sugar prices, excessive imports into its regional sugar markets and the effects of limited water availability in the Zimbabwean sugar operation. These actions re-enforced and further enhanced its platform to continue delivering on its strategic thrusts. Sugar production increased by 170 000 tons. The business demonstrated its commitment to significantly lowering its cost base by realising substantial cost reductions and is well placed to continue this process. In Zimbabwe and South Africa, local market protection measures going forward were instituted at the end of the year and responsible sugar pricing has been maintained. Momentum in the value uplift, earnings and cash flows from land conversion has increased significantly. Tongaat Hulett generated profit of over R1 billion from its land conversion activities. The starch operation achieved record operating profit. **Overall, it is pleasing to report further growth in operating profit, headline earnings and cash flows.** The momentum established in various areas of the business provide the basis for the outlook that earnings for the full year ahead are expected to increase, driven by continuing growth in operating profit and cash flow.

TONGAAT HULETT MADE SIGNIFICANT PROGRESS ON A NUMBER OF ITS MAJOR STRATEGIC THRUSTS DURING THE YEAR.

These achievements, coupled with progress that the business has made in the recent past, provide an indication of the benefits that will flow to the business and its stakeholders as it continues to enhance its strategic position.

SOCIO-ECONOMIC POSITIONING

The business has established collaborations with relevant areas of governments, local communities and other key stakeholders in all its areas of operation, as it proactively partners with stakeholders to build value.

- Tongaat Hulett continues to grow its cane supplies in communal areas as well as supporting and developing small-scale growers. The company has reviewed the funding of such initiatives with an increasing emphasis on a combination of grant, development and Tongaat Hulett funding. This type of investment has the effect of creating significant direct and indirect jobs in rural communal areas. In South Africa, the company has planted 24 979 additional hectares to cane over the past three years, which has created approximately 6 250 direct jobs in these areas. In March 2014, the company secured R150 million from the DBSA Jobs Fund in the form of a grant to develop cane in rural areas surrounding Tongaat Hulett mills in South Africa. This grant requires Tongaat Hulett to match the funding and will facilitate the planting of a further 12 000 hectares of sugarcane in rural communities over the next three seasons. In addition, the business has entered into a six year service level agreement with the Small Enterprise Finance Agency (SEFA), which is part of the IDC. In terms of the agreement, Tongaat Hulett is required to administer loans on behalf of the agency to contractors and BEE farmers. Facilities of R50 million have been provided by SEFA.

- On 6 April 2014, the President of South Africa, Jacob Zuma, the KwaZulu-Natal Premier, Senzo Mchunu and a host of dignitaries, together with 10 000 community members, celebrated the launch of the Cornubia Integrated Human Settlement. Tongaat Hulett partnered with multiple organs of local and national government in facilitating the ongoing success of the project that will improve the lives of thousands of people from the lower socio-economic strata. The project is one of three national priority projects and is strategically located being surrounded by Umhlanga, Mt Edgecombe, Phoenix and Verulam/Waterloo. Development on the 1 200 hectare site includes 15 000 fully subsidised houses, associated social infrastructure, commercial and industrial developments, as well as 10 000 market-related houses. The primary objective of the development is to bring people from the lower socio-economic strata and job opportunities into the same location through leveraging, assembling, and systematically aligning multiple institutional, financial, human and managerial resources, in a creative and innovative manner.

- The situation in Zimbabwe is in a constructive phase, with Tongaat Hulett, the government and local communities working together on socio-economic initiatives in the south-eastern Lowveld region of the country. One of the key focus areas remains the orderly development of sustainable private sugarcane farmers and the business continues to see progress in this regard. At the end of the 2013/14 season, some 813 active indigenous private farmers, farming on some 14 000 hectares, employed more than 6 700 people, and generated US$58 million in annual income.
- Tongaat Hulett sold 190 developable hectares (not yet shovel ready) to Dube TradePort in the airport region surrounding King Shaka International Airport. The company is partnering with Dube TradePort and other relevant stakeholders as the region continues to be positioned as a key node for economic development and investment. The Act enabling Special Economic Zones was signed on 23 May 2014, which will further support the region's objective of economic development and investment.

GROWING SUGAR PRODUCTION FROM 1,424 MILLION TONS TO MORE THAN 1,800 MILLION TONS OVER THE NEXT FOUR YEARS

from existing installed milling capacity, through increasing the supply of sugarcane to milling operations

- In the 2013/14 season, Tongaat Hulett grew sugar production by 170 000 tons and produced 1,424 million tons raw sugar equivalent. The South African operations, with a 30 percent increase in sugar production, were the major contributors to the overall increase in sugar tons for the 2013/14 season. The increase follows the 28 percent growth in sugar production by the Zimbabwe operations in the 2012/13 season. This 170 000 ton increase in sugar production was the third highest amongst the world's top twenty sugar producers. Tongaat Hulett is now the 16th largest sugar producer in the world.
- The business's strategy is to facilitate an increase in cane supplies to grow sugar production from 1,424 million tons to at least 1,816 million tons by the 2017/18 season, through a combination of improved yields, sugar recoveries and the appropriate increase in hectares under cane. The rate at which the organisation is able to utilise more of its installed milling capacity is directly linked to the pace at which it can increase its supplies of sugarcane to its mills.
  - More than 40 percent of this growth is anticipated to come from cane yields increasing to previous proven and realistically expected levels. The total incremental cost of producing additional sugar, arising from higher cane yields on own estates is around 5 USc/lb compared to the estimated price required to support new sugar production in Brazil of some 25 USc/lb.
  - In Zimbabwe, the operations will launch the Kilimanjaro project shortly, which will see an additional 150 farmers plant cane on 3 000 hectares. The combined impact of the SusCo and Kilimanjaro projects means that by the 2017/18 season, some 1 022 private farmers will supply more than 1,800 million tons of cane at a cane yield above 100 tons cane per hectare harvested from 18 880 farmed hectares.
- The company's strong socio-economic profile in the SADC region, together with its ability to develop rural indigenous sugarcane farmers has played a significant role in the business's ability to grow sugar production by over 400 000 tons in the past three years, from existing installed milling capacity.
- 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 2014, R2,7 billion was paid to private farmers who supplied the business's sugar operations with cane.

Tongaat Hulett Sugar production (tons)	2010/11	2011/12	2012/13	2013/14	2017/18 Target
Mozambique	164 000	233 000	235 000	249 000	319 000
South Africa	455 000	486 000	486 000	634 000	808 000
Swaziland (RSE)	54 000	59 000	58 000	53 000	61 000
Zimbabwe	333 000	372 000	475 000	488 000	628 000
Total production	**1 006 000**	**1 150 000**	**1 254 000**	**1 424 000**	**1 816 000**
Milling capacity	**> 2 100 000**	**> 2 100 000**	**> 2 100 000**	**> 2 100 000**	**> 2 100 000**

Sugar Markets and focusing on maximising the revenue that can be earned from sugarcane

- In Zimbabwe and South Africa, revenues were negatively impacted by severe imports into these markets. Going forward, measures implemented by these governments will substantially curtail imports. In South Africa, on 4 April 2014, the dollar-based reference price was increased from $358 per ton (16 USc/lb) to $566 per ton (25,6 USc/lb), while in Zimbabwe the government confirmed that from March 2014 no raw sugar import permits would be issued and sugar imports would attract duty of 10 percent + US$100 (6,3 USc/lb). Mozambique has consistantly been successful in restricting sugar imports.
- As Tongaat Hulett continues to increase its sugar production, the growth of sugar consumption in various countries in Africa provides additional sales opportunities. A prime example of this is Mozambique which has seen a 66 percent increase in the size of the domestic market in the past ten years.
- EU Market access: the review of the regime applicable to sugar beet within the EU has been completed and legislated confirming that sugar beet quotas that limit the quantity of sugar that producers may sell within the EU will be abolished with effect from 1 October 2017. The duty-free, quota-free access for sugar granted to ACP and LDC/EBA countries will remain in force post-October 2017, thereby continuing to provide a preference for ACP and LDC/EBA sugar producers. The EU market is expected to remain an attractive export destination.
- Regulatory frameworks that are conducive to sustainability and growth of the sugar industries in which the business operates are essential. Tongaat Hulett is continuing to promote regulatory changes that will benefit all industry stakeholders in the long term. The company continues to actively engage with the South African government regarding the implementation of regulatory frameworks that will support sustainable investments in renewable energy projects – renewable electricity and ethanol.

- After a number of years of intensive interaction between the sugar industry and government, the possibility for sugar companies to be able to enter the market with renewable biomass electricity generated from sugarcane fibre is closer. The Minister of Energy announced in April 2014 that a Request For Proposal (RFP) for co-generation, under the Ministerial Determination which was signed in December 2012, will be released in due course. This RFP will allow individual companies to make an assessment of whether or not they will submit bids for electricity generation.
- The Department of Energy published mandatory blending regulations in support of a biofuels industry in August 2012. The blending regulations supported a 2-10 percent range for South African produced bioethanol blending in petrol and five percent for locally-produced biodiesel blending. The Minister has determined 1 October 2015 as the effective implementation date for biofuel blends to be available at the petrol pumps.
    - In March 2014, the Department of Energy concluded stakeholder consultation on the position paper dealing with the mandatory blending of biofuels into petrol and diesel. Emanating from this consultation, the Minister has announced in a press release in April 2014 that the Department has considered the inclusion of sugarcane positively as one of the reference feed stocks for bioethanol in the first phase of the programme. The inclusion of sugarcane is expected to contribute towards the growth and development of the sugarcane industry, thus increasing its contribution to job creation, poverty eradication and localisation of supply.
    - One percent of the South African petrol pool is equivalent to 180 000 tons of exported sugar (converted into bio-ethanol).

FOCUS ON REDUCING UNIT COSTS OF PRODUCTION

- The past year has seen the business's sugar operations achieve significant success in reducing goods and services, salaries and wages, marketing and transport costs related to the production of sugar. In the business's key sugar producing countries, the following reductions were realised, after absorbing input price increases and wage rate/salary increases:

Millions#	2012/13	2013/14	% Change	
			Overall	Per ton raw sugar produced
Mozambique (Metical)	Mt3 052	Mt2 785	9% ▼	14% ▼
South Africa (Rands)	R2 325	R2 558	10%* ▲	16% ▼
Zimbabwe (US$)	$186	$146	21% ▼	23% ▼

* Increased sugar production by 30%

\# This table reflects the cost of goods, services, salaries, wages, marketing and transport (excluding cane planting costs, off-crop expenditure and depreciation)

- The focus of reducing costs extended to the business's 2013/14 off-crop expenditure and consequently there will be a R118 million reduction in the cost being charged to the income statement for the 2014/15 financial year.

GROWING STARCH AND GLUCOSE PRODUCTION

- Tongaat Hulett's starch operation has 20 percent additional available plant capacity, a well-developed source of raw materials, a strong South African domestic market presence and access to regional markets, all of which have the capacity to increase starch and glucose consumption. Building on a number of projects already underway, the main focus areas for the starch operation continue to be:
    - Selection of market mixes and the development of new product portfolios to maximise contribution and increase capacity utilisation; ensuring a cost competitive and sustainable source of raw materials.
    - Optimising production capacity in downstream channels and overall plant utilisation.
    - Improving plant efficiencies and manufacturing costs.
- The business is projecting further volume growth in the next financial year, primarily driven by rising demand in the coffee and coffee creamer sectors and new product development in the modified starch market. In order to support the growth in the coffee creamer sector, an investment of some R100 million in downstream capacity is being made.
- The projected South African maize crop which is now estimated to be 13,55 million tons (harvested from May - July 2014) should ensure that the local maize cost remains competitive with international markets.

UNLOCKING SUBSTANTIAL VALUE IN THE LAND PORTFOLIO

benefitting from the activities undertaken over the past few years

The step-up in value realisation and the R1,080 billion earned from sales of 259 hectares of land in the past year is an indication of the momentum established and the way forward.

The profit achieved per hectare of land sold is increasing with the steadily improving land conversion platform and varies based on usage and location. In the past year, the range achieved varied from R2,4 million to R34,0 million per developable hectare.

Land uses and locations and the associated per hectare profits recently achieved are as follows:

Area	Description	Profit achieved (R million per developable hectare)
Ridgeside	Prime, high density, mixed use precinct with sea views	34
Umhlanga Ridge Town Centre	High density mixed use urban precinct	24
Izinga / Kindlewood	Low density upper market residential suburbs	3,5 to 5,6
Cornubia Industrial and Business Estate	Light industrial, logistics, park warehousing and business land uses	6 to 7
Mount Moreland North	Long term land, far from shovel ready and without clear land use or infrastructure in place	2,4

Over time, Tongaat Hulett has developed significant core competencies in agricultural land conversion. The synergies between the sugar operations and land conversion and sound and productive working relationships with national, provincial and local governments and communities, in both the rural and urban areas of KZN, are key elements of this. These competencies underpin Tongaat Hulett's ability to achieve the higher end of the value ranges through creating real value for a wide range of stakeholders.

Converting agricultural land to a "shovel ready" state where it achieves a higher range of value is a process with many facets including agricultural release, spatial policy framing by various authorities, and environmental, zoning and subdivisional approvals by all three spheres of government. The past few years have seen Tongaat Hulett lay the foundations for a vastly improved platform for its land conversion activities, which it will continue to build on going forward. A highlight in this regard has been the unlocking of R22 billion in infrastructure investment in the region where Tongaat Hulett's land is located.

Tongaat Hulett continues to broaden the range of commercial approaches to transactions from within its land portfolio. This now includes large transactions yielding better value through creating longer-term investment prospects for buyers that are not solely dependent on immediate market conditions, for example, the case of the 190 developable hectares sold to Dube TradePort. Transactions where Tongaat Hulett continues to play a role after the conclusion of the agreement, are being developed and tested in the market. These processes de-link the actual sale transaction from the direct development of buildings. The process currently underway to conclude the sale of 42 developable hectares of prime land in Ridgeside is an example of this approach.

International marketing will be initiated in earnest in the coming financial year for the 125 developable hectares of "shovel ready" land in Sibaya at Umdloti, following an assessment that the greatest value is likely to be found internationally.

The next five years should see substantial value unlocked from land conversion activities, benefitting from the activities undertaken over the past few years. While the emphasis remains on value realised rather than hectares sold, sales over the next five years are likely to be in the range of between 1 000 and 1 500 developable hectares, based on current economic conditions. These are likely to come from 3 710 developable hectares of key focus areas out of the total of 8 200 developable hectares of prime land identified and available for conversion.

The primary locations of the aforementioned 3 710 hectares are as follows:

Area	Focus areas - Developable hectares	Total developable hectares
Urban expansion: Durban to Ballito	3 144	4 600
Urban expansion: west of Durban	296	1 100
Coastal north of Ballito	270	2 500
Grand total	**3 710**	**8 200**

The "Portfolio of Land Conversion" section which immediately follows this CEO review on page 30 provides further detail on the land identified in the above table.

DEVELOPING AND BUILDING TONGAAT HULETT'S HUMAN CAPITAL

Tongaat Hulett is fortunate to have a deep pool of capable and experienced people at senior management level. There is a focus on developing management resources for the future.

- Building capacity and capability includes the continuous assessment of the capability profiles of teams and individuals against the required competencies, and appropriate action is taken to address the gaps that are identified. Interventions that have been implemented include the enhancing of roles and responsibilities, making key appointments, leadership development, talent management, job rotation and encouraging employees to embark on self-directed structured development programmes.
- The company is seeing the benefit of its diverse employee base, and is increasingly seeing the benefit of relocating employees within the business's countries of operation.

STRIVING TOWARDS ESTABLISHING AN ORGANISATIONAL SAFETY CULTURE WITH A ZERO HARM APPROACH

- Tongaat Hulett achieved a Lost Time Injury Frequency Rate (LTIFR) of 0,087 per 200 000 hours worked in 2013/14. This was the company's best safety performance since the formal introduction of SHE management systems. This achievement has been driven by the following key factors:
  - Tongaat Hulett has a mature safety management system that provides for a sophisticated risk management program.
  - Proactive and reactive interventions entail comprehensive auditing and incident review processes respectively.
  - An organisational SHE culture is built around the concept of promoting care amongst employees who are encouraged to look out for each other and being supported by a management team that demonstrates visible felt leadership.
  - A comprehensive safety training program at all levels of the organisation is adhered to while safety awareness campaigns are extended to members of the surrounding communities in the spirit of influencing safe behaviour beyond the workplace environment.
  - Contractor management controls were stepped up to ensure safety standards are aligned and adhered to.
- Regrettably one employee, Ismael Albano Warrote lost his life in a vehicle-related incident at the Mafambisse agriculture operation. Sincere condolences are extended to his family.

FINANCIAL AND OPERATIONS REVIEW FOR THE YEAR ENDED 31 MARCH 2014

R15,716 billion	**Revenue** (2013: R14,373 billion) +9%
R2,374 billion	**Operating profit** (2013: R2,131 billion) +11%
R2,934 billion	**Operating cash flow** (2013: R2,182 billion) +34%
R1,080 billion	**Land conversion profit** from 259 developable hectares
1,424 million tons	**Sugar production** increased by 170 000 tons
R482 million	**Starch operating profit** grew by 24%
R1,106 billion	**Headline earnings** (2013: R1,067 billion) +4%
360 cents per share	**Annual dividend** (2013: 340 cents per share) +6%

The results for the year ended 31 March 2014 were achieved with significantly increased momentum and value in land conversion and development activities, together with a strong performance from the starch operations, at the same time as the sugar operations' profit being negatively affected by severe market dynamics impacting revenue and cane valuations, partially off-set by substantial cost reductions and volume growth.

> The starch operation grew operating profit to R482 million (2013: R388 million).

Starch and glucose processing margins benefitted from local maize that was competitive with international prices, favourable exchange rates and good co-product realisations. Total sales volumes grew by 4 percent, driven by increased exports and growth in the coffee/creamer sectors which offset declines in other local sectors.

> Land conversion activities generated operating profit of R1,080 billion from sales of 259 developable hectares, with a further 8 200 developable hectares still available and earmarked for development.

In the past year, 63 developable hectares were sold at an average profit of some R7,6 million per developable hectare in the Umhlanga Ridgeside, Izinga/Kindlewood, Cornubia Industrial and Business areas, as well as a site for a major retail facility that links Cornubia to Umhlanga Ridge. The sale of an entire precinct of 6 developable hectares to a single developer in Umhlanga Ridge Town Centre was concluded that will yield some 1 500 affordable rental homes over time and represented profit of R24 million per developable hectare. Tongaat Hulett continues to work together with government and related organisations to capture the synergy of each other's unique capabilities and to maximise the value for all stakeholders that can be derived from the region between Durban and Ballito. The past year has seen two transactions for the sale of 190 developable hectares to Dube TradePort that, while not yet shovel ready, adjoins the international airport and is of strategic importance to the KZN provincial government's medium term growth plans.

Operating profit from the various sugar operations totalled R908 million (2013: R1,4 billion). The world sugar price has been at its lowest level in many years. In the regional markets, substantial local market sales were lost to imports as a result of inadequate protection during this period of world surplus, leading to increased export volumes. Exports from Zimbabwe and Mozambique to the EU averaged some 8 US cents per pound lower than the levels in the last two years. Overall, revenue earned and cane valuations were negatively impacted by some R1,5 billion compared to last year, with the cane valuation charge in the income statement being a non-cash item.

> The sugar operations' total operating profit before the impact of cane valuations was R1,061 billion compared to R962 million in the prior year, as the negative impact on revenue of pricing and the mix of local/export sales was more than offset by the benefit of volume growth and cost savings, together with favourable exchange rates.

Tongaat Hulett's total sugar production grew by 170 000 tons to 1,424 million tons, compared to the low point of 1,006 million tons in 2010/11. South Africa produced 634 000 tons (2013: 486 000 tons), Mozambique 249 000 tons (2013: 235 000 tons), Swaziland 53 000 tons of raw sugar equivalent (2013: 58 000 tons) and Zimbabwe produced 488 000 tons of sugar (2013: 475 000 tons).

The past year has seen considerable increases in wage rates, particularly at the lower levels where the majority of man hours are worked, as well as price increases for bought-in goods and services. Notwithstanding this, significant success has been achieved to reduce the cost of sugar production in respect of goods, services, transport, marketing, salaries and wages. The unit cost of production in South Africa reflected the benefit of volume growth with limited cost increases.

In Zimbabwe, revenue in US dollars was 25 percent lower than the prior year, as a result of lower local market sales (mainly due to substantially increased imports in the market) with the resultant additional lower priced exports. Cane valuations were impacted by lower prices and the effect of curtailed root replanting as a consequence of the water dynamics during the year – reflecting a US$33 million negative change in the income statement compared to last year.

The dams have now recovered, following good rains, to the extent that new root replanting has now resumed. The cost of bought-in goods and services, salaries and wages was US$40 million lower than the prior year. The operating profit from the Zimbabwe sugar operations amounted to US$33 million (R330 million) compared to the last year of US$74 million (R625 million).

Mozambique experienced the same dynamics, with an 11 percent reduction in Metical (Mt) revenue mainly as a result of lower export prices. There was also a negative cane valuation impact in the income statement – amounting to a change of Mt676 million (equivalent of R229 million) compared to last year. The cost of goods and services, salaries and wages was lower than the prior year by an amount of Mt267 million, which was the Rand equivalent of R91 million. Taking all these factors into account, operating profit from the Mozambique sugar operations reduced to R168 million (2013: R421 million).

The South African sugar operations, including the agriculture, milling, refining and various downstream activities recorded operating profit of R340 million (2013: R308 million). The benefit of substantial growth in sugar production was partially offset by the pressure on revenue of lower local market volumes and net prices as a result of import competition, lower export prices and the reduced benefit of cane valuations compared to the prior year. The 30 percent volume growth was achieved with the total increase in the cost of goods, services, transport, marketing, salaries and wages being limited to 10 percent.

The Swaziland sugar cane growing operations reported operating profit of R70 million (2013: R76 million).

The centrally accounted and consolidation items together with lower BEE IFRS 2 charges amounted to R97 million (2013: R53 million). A pension fund recognition benefit in the prior year was not repeated in the current year. Finance costs amounted to R609 million (2013: R560 million) and were commensurate with the borrowing levels earlier in the year.

Operating cash flow improved by R750 million to R2,93 billion (2013: R2,18 billion) before working capital.

Operating cash flow exceeded operating profit as the latter includes the non-cash reduction in the fair value of sugarcane. The higher working capital cash absorption in the current period is particularly as a consequence of higher sugar stock levels at year-end in Zimbabwe and increased debtor levels in the South African developments operation following the higher level of land sales. Net cash flow for the year, after dividends, was a positive R300 million, a R480 million improvement over last year. Net debt at the end of the year was R4,32 billion which is lower than the last two years (2013: R4,64 billion and 2012: R4,40 billion).

Total net profit before the deduction of minority interests was R1,227 billion (2013: R1,179 billion) and headline earnings attributable to Tongaat Hulett shareholders amounted to R1,106 billion compared to R1,067 billion last year.

A final dividend of 210 cents per share has been declared, bringing the annual dividend to 360 cents per share (2013: 340 cents per share).

OUTLOOK

Earnings are expected to increase in the full year ahead, driven by continuing growth in operating profit and cash flow.

Sugar prices are expected to stabilise, at least. Better import protection should lead to lower exports being necessary. The value of standing cane has undergone a write-down in the 2013/14 year, to reflect the current low sugar prices. As yields increase and the hectares under cane grow, a cane valuation gain would be expected.

The sustainable cost reductions of the past year provide a good base for the next steps in the ongoing cost reduction process and unit costs of sugar production will also continue to benefit from further growth in volumes and better yields, as milling costs and many of the agricultural costs per hectare are mostly fixed.

Tongaat Hulett is in the fortunate position of having more than 700 000 tons per annum of existing unutilised sugar milling capacity (a R13 billion replacement value) and increasingly good electricity and ethanol prospects. The incremental / marginal profit from each extra ton of sugar is attractive. Sugar production is expected to increase from 1,424 million tons in the past year to more than 1,800 million tons over the next four years, with the focus on increasing cane supplies continuing.

A period of unsustainably low international prices has been experienced following two seasons of exceptionally good weather conditions for sugarcane growing globally, high stock levels and low government controlled ethanol prices in Brazil. The changes in the EU are ongoing, with some fundamentals remaining in place, including duty free access for Mozambique, Zimbabwe and Swaziland. At present, the EU market position seems to have stabilised at the current lower levels, in anticipation of reform in 2017.

Recently instituted measures in Zimbabwe to protect the local market against unfair import competition are expected to yield benefits. South Africa will benefit from the recently increased reference price used in the import duty calculation, particularly if the exchange rate remains at current levels.

The starch operations are well positioned to continue to perform strongly. The latest maize crop estimates are for a larger crop and competitive maize costs are expected.

The current momentum in unlocking value from land conversion and development is expected to continue. Over the next 5 years, sales will come from the urban expansion north of Durban in the Umhlanga and Cornubia areas, coastal lifestyle areas of Zimbali and Sibaya, business and residential development around the airport, coastal development north of Ballito in Tinley Manor and in the Ntshongweni area west of Durban. Sales of between 1 000 and 1 500 developable hectares are expected to be achieved over the 5 year period, based on current economic conditions. Good progress is being made with the targeted sale of 42 developable hectares of some of the remaining prime land in Umhlanga Ridgeside, the area where a net cash profit of R34 million per developable hectare has been achieved. The majority of the land conversion profits for 2014/15 are expected to be reported in the second half of the year while cash flow in the first half of the year will benefit from the land sales concluded towards the end of 2013/14.

Tongaat Hulett's positive socio-economic profile in the southern African region continues to grow. In KwaZulu-Natal there are established collaborations with provincial and local authorities in the inextricably linked areas of sugar and cane activities (the planting of 24 979 hectares in the last three years has created some 6 250 direct jobs in rural areas), the development of urban areas (including Cornubia) and maximising the future benefit of renewable energy. The situation in Zimbabwe is in a constructive phase, with Tongaat Hulett, the government and local communities working together on socio-economic initiatives in the south-eastern Lowveld region of the country. This was again demonstrated by the proactive response of the authorities to the recent illegal attempt at land invasion. One of the key focus areas remains the orderly development of sustainable private sugar cane farmers. At the end of the 2013/14 season, some 813 active indigenous private farmers, farming on some 14 000 hectares and employing more than 6 700 people, supplied 1 017 000 tons of cane at a cane yield of 74 tons cane per hectare harvested, generating US$58 million in annual revenue. Current initiatives will increase this, by the 2017/18 season, to some 1 022 private farmers supplying more than 1 800 000 tons of cane at a cane yield above 100 tons cane per hectare harvested from 18 880 farmed hectares.

The business is in a good position to benefit from multiple actions taken across a wide front, with its footprint in six SADC countries, its ability to process both sugar cane and maize, renewable energy opportunities and increased momentum in land conversion.

ACKNOWLEDGMENTS AND CONCLUSION

Tongaat Hulett's 27 sites in Botswana, Namibia, Mozambique, South Africa, Swaziland, and Zimbabwe have benefitted from the energy, effort, loyalty and commitment that its more than 35 000 employees contribute on a daily basis. I take this opportunity to acknowledge and commend you for all that you continue to do for the company as we progress delivery on our business objectives.

Being an agricultural and agri-processing business means that Tongaat Hulett has a significant footprint in the rural communities that surround its operations. The business is committed to working together with small-scale and commercial private farmers, rural communities and governments to grow its contribution to rural development, job creation, skills transfer and in so doing creating sustainable value for all Tongaat Hulett stakeholders.

The business values the support that it has received from its existing long-term shareholders and endeavours to regularly update the investment community as it progresses delivery on its strategic objectives.

During the year, Bruce Dunlop, the executive responsible for the business's sugar operations in Mozambique, Swaziland and Zimbabwe, retired from the company after 33 years of dedicated service. Tongaat Hulett has benefitted substantially from the commitment and contribution that he made to the organisation during his career, and is in the fortunate position that he continues to provide insight and support to the sugar business in his consultancy role.

The AGM scheduled for 30 July 2014, will see the retirement from the Board of our Chairman, JB Magwaza, after 5 years in the role, having been appointed to the Board in 1995. In its outgoing Chairman, Tongaat Hulett has had a leader whose calmness, strategic acumen and insight have significantly contributed to the ongoing success of the business. We take this opportunity to thank him sincerely for his years with Tongaat Hulett.

The Board has appointed Bahle Sibisi as its new Chairman and we look forward to the contribution that he will make in his new capacity. The ongoing support and guidance that we have received from the Board is highly valued.

Peter Staude

Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal
22 May 2014

PORTFOLIO OF LAND FOR CONVERSION IN KWAZULU-NATAL

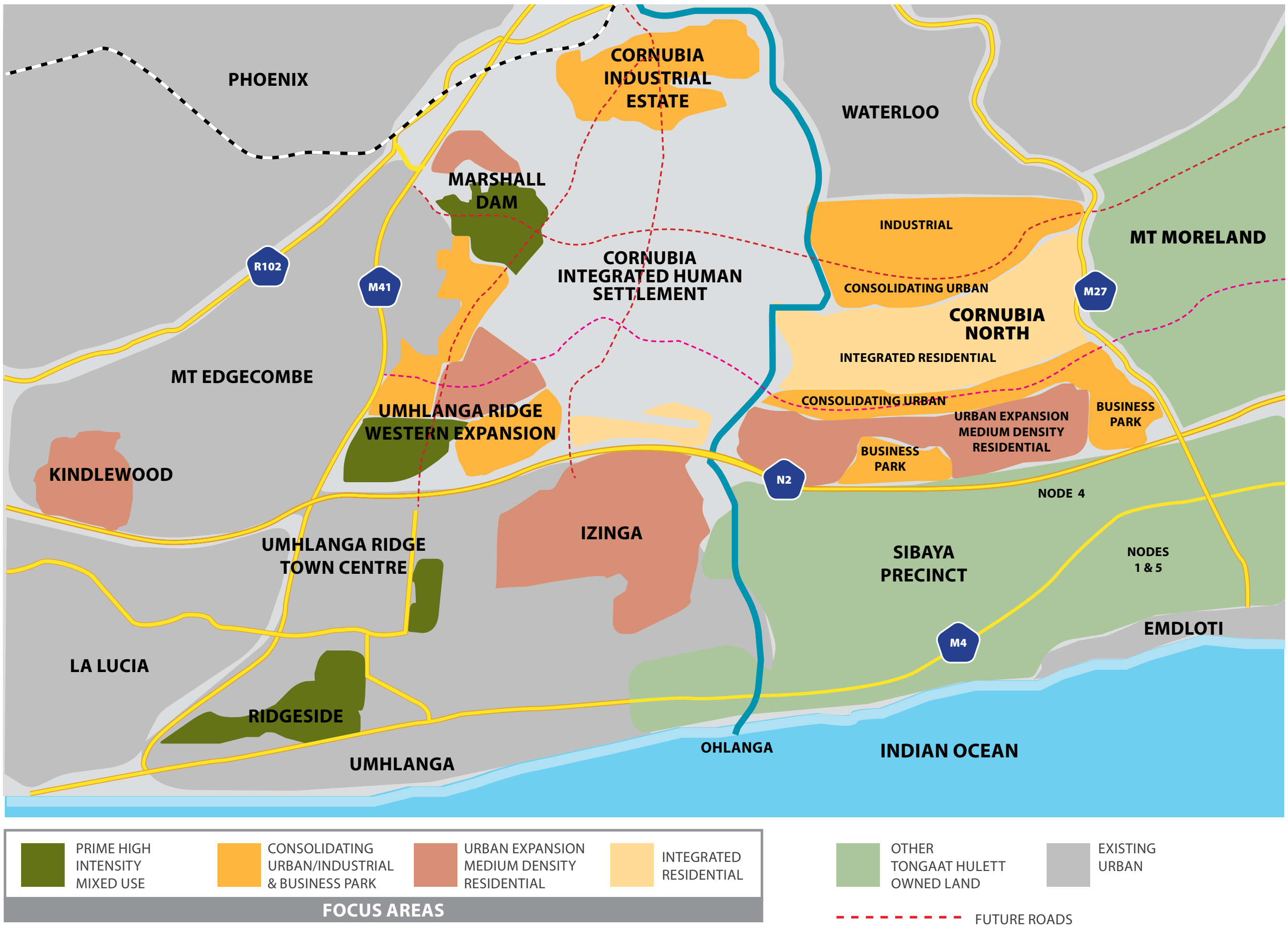
Tongaat Hulett has an unequalled portfolio of 8 200 developable hectares (12 900 gross hectares) of land in prime locations, prepared for unlocking substantial value and cash flow. Sales over the next five years are likely to come from 3 710 developable hectares of key focus areas.

	AREA	Developable hectares	FOCUS AREAS
DURBAN TO BALLITO	**URBAN GROWTH AND CONSOLIDATION - UMHLANGA REGION**	**1 122**	3 144 developable hectares from a total of 4 600
	Ridgeside Remaining Precinct 1 and 2	42	
	Ridgeside Precinct 4	20	
	Umhlanga Ridge Town Centre	9	
	Izinga/Kindlewood	152	
	Umhlanga Ridge Westerly Expansion - New Town Phase 1 (Retail)	12	
	Umhlanga Ridge Extension - Cornubia New Town Phase 2	234	
	Umhlanga Ridge Town Centre Western Expansion	*45*	
	N2 Business Park	*38*	
	Umhlanga Hills	*42*	
	Marshall Dam Residential	*12*	
	Marshall Dam Town Centre	*42*	
	Consolidating Urban	*40*	
	Integrated Residential	*15*	
	Cornubia Industrial	29	
	Cornubia North	624	
	Integrated Residential	*300*	
	Medium Density Residential	*84*	
	Consolidating Urban	*80*	
	N2 Business Park	*80*	
	Industrial	*80*	
	COASTAL / LIFESTYLE / LEISURE / HIGH-END RESIDENTIAL	**275**	
	Zimbali Lakes	47	
	Sibaya Node 1	49	
	Sibaya Node 5	76	
	Sibaya Node 4	103	
	AIRPORT REGION BUSINESS AND RESIDENTIAL	**1 725**	
	uShukela Drive - Airport Linked Industrial, Retail and Logistics	49	
	Amanzimnyama - Office / Business / Industrial and Logistics Park	345	
	Compensation (East) - Industrial and Manufacturing	73	
	Compensation Western Expansion - Industrial and Manufacturing	152	
	iNyaninga East - Industrial / Logistics / Manufacturing	550	
	iNyaninga West, Lindokuhle, Aberfoyle, Dudley Pringle - Residential and Urban Expansion of oThongathi (Tongaat)	556	
	REMAINING SITES ON NEARLY COMPLETED DEVELOPMENTS	**22**	
WEST OF DURBAN	**URBAN EXPANSION WEST OF DURBAN**	**296**	296 developable hectares from a total of 1 100
	Ntshongweni - Residential Infill / Consolidation	57	
	Ntshongweni - Retail and Urban Core	78	
	Ntshongweni - Logistics and Business Park	161	
COASTAL NORTH OF BALLITO	**COASTAL NORTH OF BALLITO**	**270**	270 developable hectares from a total of 2 500
	Tinley Manor South Banks – Resort	270	
		GRAND TOTAL	3 710 developable hectares from a total of 8 200

PORTFOLIO OF LAND FOR CONVERSION IN KWAZULU-NATAL

URBAN GROWTH AND CONSOLIDATION OF THE UMHLANGA REGION

The region of urban growth and consolidation of Umhlanga is the fastest-developing and highest-value node in KwaZulu-Natal. It includes, within a two-kilometre radius, areas such as Ridgeside, the Umhlanga Ridge Town Centre, with its western expansion into Cornubia and the growing residential suburbs of Izinga and Kindlewood. This region includes 1 122 developable hectares, from which sales are being targeted over the next five years.



For more information on the Cornubia Integrated Human Settlement, visit Tongaat Hulett's website at www.tongaat.com

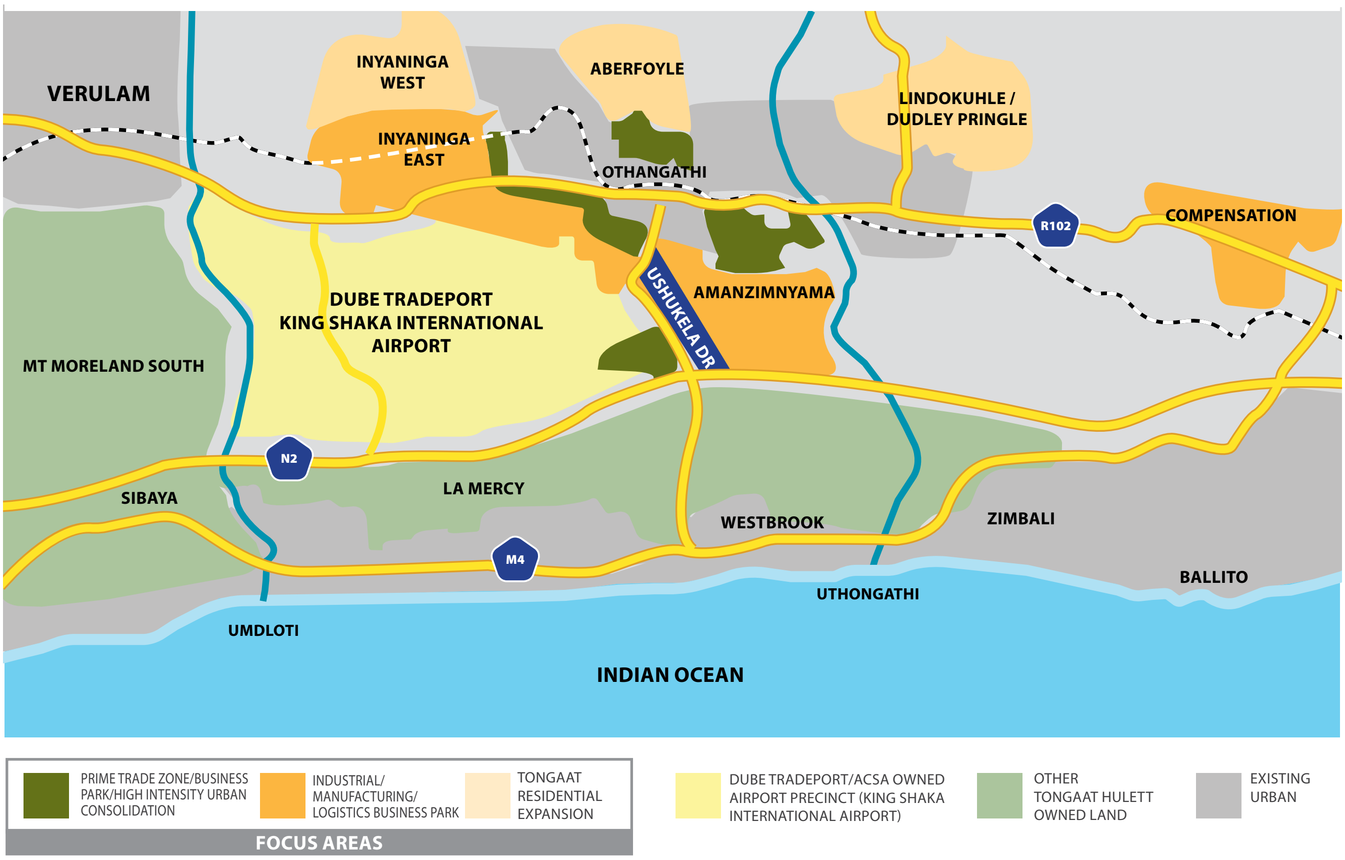
PORTFOLIO OF LAND FOR CONVERSION IN KWAZULU-NATAL

COASTAL, LEISURE AND HIGH-END RESIDENTIAL PRECINCTS BETWEEN UMHLANGA AND BALLITO

The coastal lifestyle, leisure and high-end residential market is highly attractive in KwaZulu-Natal. Tongaat Hulett's focus is on 275 developable hectares, from which sales are expected to be drawn over the next five years. These areas include a range of land uses consisting of lower density residential, hotels, higher density residential and mixed use nodes and limited commercial space. From within this zone, the 2014/15 financial year will see a comprehensive international launch of our commercial process to fully explore a large land transaction focusing on Nodes 1 and 5 of Sibaya.

AIRPORT REGION BUSINESS, INDUSTRIAL AND RESIDENTIAL EXPANSION

The King Shaka International Airport and the associated Dube TradePort comprise one of the key economic catalysts created by the KwaZulu-Natal Provincial Government and the heart of a planned Airport City or Aerotropolis. The area is currently the focus of significant ongoing infrastructural investment and is planned as one of two Special Economic Zones to be established in KwaZulu-Natal. It is anticipated that this will generate an increasing momentum of investment, including by foreign and global companies. Tongaat Hulett has identified 1 725 developable hectares in the airport region that are expected to yield sales over the next five years.

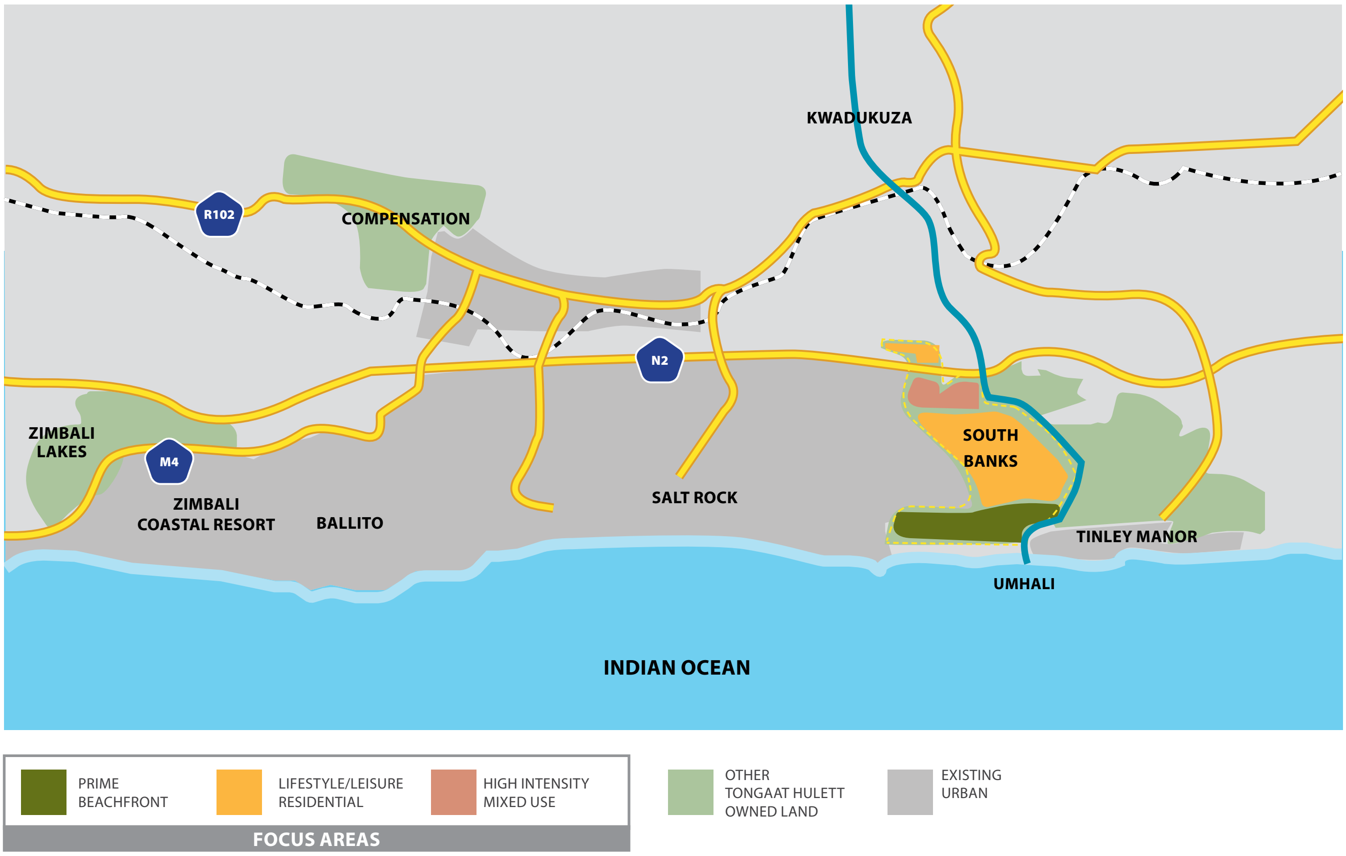


PORTFOLIO OF LAND FOR CONVERSION IN KWAZULU-NATAL

COASTAL DEVELOPMENT NORTH OF BALLITO

Tongaat Hulett owns 2 500 hectares of prime coastal property along the coastline, north of Ballito. As the tourism sector in KwaZulu-Natal develops over time, these landholdings are ideally located to attract major resort development, including by global players.

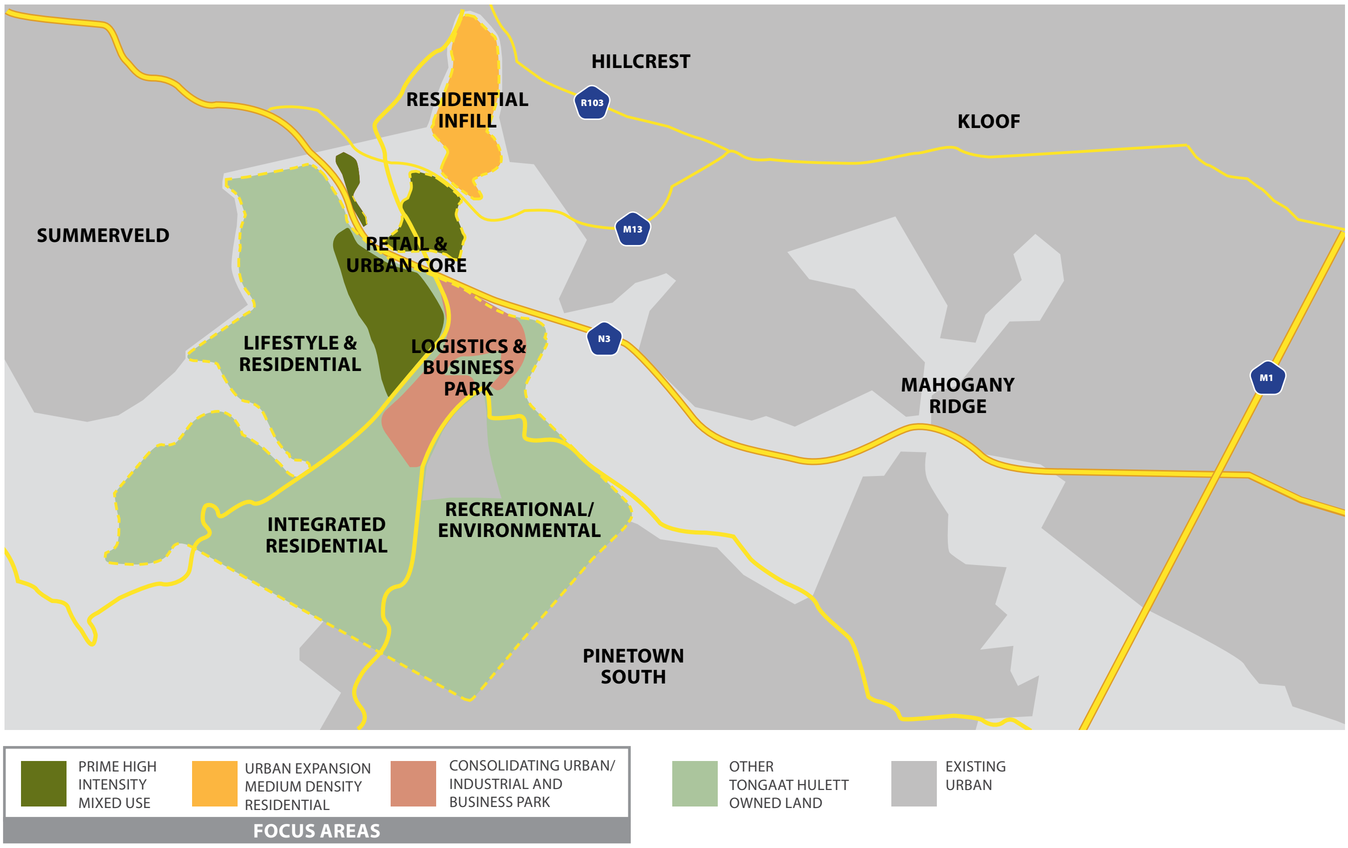
The first landholding being targeted north of Ballito comprises the 270 developable hectares to the south of the Mhalali River near Tinley Manor. This is driven both by the northward growth of the Ballito area and by the resort potential of this stretch of the KwaZulu-Natal coastline.



URBAN EXPANSION WEST OF DURBAN

Beyond its historical land conversion activities in the corridor north of Durban and around Ballito, in the next five years Tongaat Hulett is targeting the commencement of development in areas at Ntshongweni on the N3, near Hillcrest, to the west of Durban.

The area is attracting significant interest for the development of a new super-regional shopping centre, which in turn is generating interest for the establishment of a new urban core similar to the Umhlanga Ridge Town Centre. The area, likewise, represents one of the best-located sites on the N3 corridor for logistics and light industrial development. The first three precincts of Ntshongweni are being focussed on to commence sales within the next five years.



INTRODUCTION

This sustainability section is presented according to the capitals described in the International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework, while financial capital has been covered in the relevant sections of this integrated annual report.

VALUE CREATION CAPITAL	TONGAAT HULETT'S SUSTAINABILITY DRIVERS
SOCIAL AND RELATIONSHIP CAPITAL	Stakeholder engagement Socio-economic development Creating sustainable communities Developing indigenous farmers Food security Supply chain Preferential procurement Safety, Health and Environment (SHE) Food safety Health
NATURAL CAPITAL	Environmental stewardship Climate change Carbon management Energy Air quality Biodiversity and land management Water resource management Effluent Waste management Environmental compliance
HUMAN CAPITAL	Employee base Employee development Employee diversity Industrial relations
MANUFACTURED CAPITAL	Promoting sustainable agriculture Product responsibility
INTELLECTUAL CAPITAL	Protection of intellectual property

PERFORMANCE OVERVIEW

- Achieved a Lost Time Injury Frequency Rate (LTIFR) of 0,087 per 200 000 hours worked
- Xinavane agriculture operations completed a milestone achievement of 27,7 million Lost Time Injury (LTI)-free hours during the year
- Triangle agriculture operations registered 20,1 million LTI-free hours
- The Developments operation achieved ten years without experiencing an LTI. The last LTI was on 23 April 2004
- Sadly one fatality occurred during the period
- Achieved nine percent reduction in greenhouse gas emissions against a target of five percent per annum
- Industry-leading HIV/AIDS and Anti-retroviral Treatment (ART) programs across employee complement
- Launched the sustainable procurement project
- R124,4 million spent on socio-economic development (SED) initiatives

KEY PRIORITIES FOR 2014/15

- Continue to promote a culture of safety in the workplace
- Extend 'zero harm' campaign to relevant stakeholders
- Strengthen strategic partnerships towards the development of rural sugarcane farmers
- Continue implementation of farming models that enable efficient sugarcane and maize growing and respond to the food security imperative
- Further enhance the business's stakeholder engagement framework

EXTERNAL RECOGNITION

- Tambankulu Estates and Voermol Feeds received their 9th and 2nd Platinum Noscar Awards respectively
- The Investment Analysts Society of South Africa voted Tongaat Hulett as the winner of the Best Reporting and Communication Award in the Consumer Products category in 2013, for the sixth consecutive year.
- In 2013, Tongaat Hulett was included in the JSE's Socially Responsible Investment (SRI) Index for the tenth year in a row.
- Tongaat Hulett has been recognised as one of the leading companies in the Carbon Disclosure Project (CDP) Consumer Staples category. The company's future prospects include opportunities within the field of renewable electricity and biofuels.

CONTEXT

Tongaat Hulett has a significant presence in agriculture and agri-processing sectors in the Southern African Development Community (SADC). The company partners with communities, regulators and governments to address some of the region's socio-economic challenges, including job creation, food security, rural development and the provision of renewable energy.

SUSTAINABILITY STRATEGY

Tongaat Hulett places significant value on being regarded as a responsible corporate citizen and strives toward creating value for its stakeholders in a responsible and ethical manner. Tongaat Hulett endorses the principles of transparency, communication and accountability as critical components of delivering on the expectations of the investment community, private farmers, local communities, governments, consumers, suppliers and employees. The company recognises that transparency and accountability in reporting are key priorities.

During the reporting period there were no significant changes in the size, structure or ownership of the company. There was no significant changes in the scope, boundary or measurement methods applied in the report, and there have been no restatements of prior year data, except where LTI data for 2012 and 2013 has been updated.

The company joined the United Nations (UN) Global Compact in 2012. This initiative was started in 1999 by the UN to promote good corporate citizenship and companies can, on a voluntary basis, comply and report on the principles published on the website of the UN Global Compact - www.unglobalcompact.org. The initiative comprises ten major principles from the areas of human rights, labor standards, environmental protection and measures to combat corruption, and are covered in detail in this section of the report.

2020 KEY STRATEGIC SUSTAINABILITY PARAMETERS

The company is in its fifth year of focusing on its 2020 Key Strategic Sustainability parameters and continues to evolve on its journey as a significant role-player in the transformation of the region. Tongaat Hulett is continuously improving its sustainability data collection processes for all non-financial performance indicators and will continue to seek assurance over the most material sustainability indicators. Independent third-party assurance over key social and environmental performance indicators is viewed as an important step in ensuring that stakeholders are afforded a fair presentation of the company's commitment to continuous improvement.

- 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 and resourceful land use to ensure sustainability and 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 is able to address key sustainability elements in all areas 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, in collaboration and partnership with local authorities.
- Creating operational efficiencies, cost management and effective strategic procurement.

SUSTAINABILITY INDICATORS

INDICATOR	2012/13 (12 MONTHS)	2013/14 (12 MONTHS)
Revenue	R14,373bn	R15,716bn
Annual dividend per share (cents)	340	360
Number of employees at year end	39 246	35 065
Fatalities	3	1
LTI's	56	45
Water intake (Megalitres)	613 047	534 232
Carbon footprint (metric tons of CO_2-e)	1 246 234	1 140 320

SOCIAL AND RELATIONSHIP CAPITAL

Stakeholder engagement

Tongaat Hulett promotes an open and transparent relationship with all of its key stakeholders, which is deeply entrenched in the business's history. The company's operations require the involvement and participation of a diverse range of stakeholders as it progresses delivery of its strategic thrusts. Tongaat Hulett's key stakeholders have been summarised in the following table:

	NATURE OF ENGAGEMENT	PRIORITIES	OUTCOMES
Shareholders, investors and analysts	Managed by Tongaat Hulett's investor relations team Annual and interim results presentations and publications Roadshows both locally and abroad Ad hoc meetings with management Annual general meeting	Clear communication of the company's strategy and prospects going forward Return on investment and growth in value	The company continues to improve on reporting its strategy and prospects
Private farmers	Groups are organised according to logistical areas of operation	Maximum return in terms of revenue received for sugarcane and maize. Support from the company towards the long-term sustainability of private sugarcane farmers	Access to maximum quality seed cane and cost savings on key inputs such as fertilizer and herbicides The company works to unlock grant funding from relevant authorities Sustainable integrated farming model implemented across SADC region for staple foods sugarcane and vegetables
Government authorities and regulators	Partnerships on joint projects Forums discussing existing and emerging initiatives Ad hoc meetings Compliance monitoring	Compliance across operations with local, provincial and national regulations Effective partnerships towards achieving articulated government objectives, projects and policies Demonstrable company support towards sustainable socio-economic growth in the region	Tongaat Hulett operates within regulatory and compliance frameworks and has efficient systems in place for addressing complaints Ongoing partnership with relevant government agencies on various initiatives including sugar expansion in rural communities and land conversion activities
Local communities	Regular and ad hoc local forums with traditional and community leaders Development of small-scale private farmers in the communal areas identified for sugarcane expansion Regular interaction at local level through the SED provision of basic needs and services	Access to sustainable jobs and economic opportunities Affordable education, training and access to healthcare, basic amenities and infrastructure The conservation of the community's way of life, culture and environment	Additional direct and indirect jobs Socio-economic investment addressing a broad range of needs in Mozambique, South Africa, Swaziland and Zimbabwe Health programmes for all employees extend to communities, including counselling, screening and treatment for both HIV/AIDS and malaria Ongoing schooling and infrastructure development projects involving local communities
Employees	Regular collaboration on topics of employee protection, diversity and performance rewards A variety of internal communication channels, including the company intranet, internal newsletters and briefings	Stable employment relationships and job security A working environment that guarantees health, safety, fairness and equal opportunity Opportunities for upward and sideways movement within the organisation Freedom of association and rights of collective bargaining Training and development	Sound corporate governance practices aligning remuneration with performance Managers across operations interact with trade unions in an open and constructive manner Ongoing healthcare programmes across rural operations, particularly in Mozambique, Swaziland and Zimbabwe
Customers, suppliers and service providers	Regular interaction on procurement processes, responsible sourcing standards and supply chain management Regular interactions with customers regarding matters of relevance to this stakeholder	Local procurement High quality products at competitive prices that attract consumers and encourage brand loyalty Product innovation and growth of the business Professional and mutually beneficial trade relationships and robust supply chain mechanisms Product responsibility and food safety	The company continuously improves the quality, taste and innovative features of products at reasonable prices Tongaat Hulett operates under the relevant regulations, standards and laws to ensure the quality and safety of all its products

Socio-economic development (SED)

Socio-economic development is an integral part of Tongaat Hulett's operations and is closely linked to the company's overall strategic objective of developing sustainable indigenous farms to support and grow rural communities.

The company exceeded its commitment of allocating one percent of annual headline earnings to SED for the 12 months to 31 March 2014. For this period, Tongaat Hulett invested R124,4 million (2012/13 R142, 7 million) in its SED initiatives, including the cost of company-sponsored occupational and primary healthcare services. Operations in Zimbabwe, Mozambique and Swaziland accounted for 84 percent of the total amount invested in SED initiatives. Key elements of SED spend for the period are as follows:

- **Education:**
  - R12,7 million invested in education initiatives across the company.
  - Purchase of exercise and text books, replacement of desks and chairs in all the Estate schools in Zimbabwe.
  - The operations at Triangle and Hippo Valley in Zimbabwe have 22 schools - 18 primary and four secondary. The total enrolment at the schools is now some 14 400.
  - Of total investment in education, R379 000 was directed at ABET training.
- **Healthcare:**
  - With the majority of operations being located in rural areas, a significant amount is invested in running healthcare facilities for employees and local communities.
  - R67,7 million invested in health-related activities during the period, of which R4,8 million was specifically allocated to dealing with the impacts of HIV/AIDS.
- **Basic needs:**
  - R4, 9 million invested in basic needs and social development, which includes food security projects and the provision of basic materials, in order to uplift communities around company operations.
  - In Zimbabwe, food security projects included the completion of the Chilonga cattle feedlot, the provision of 2 500 litres of diesel and other inputs (including five tons of sorghum and ten tons of fertiliser) to communities via the satellite Chiefs.
  - Further development included the completion of St Joseph irrigation scheme projects and a water extraction scheme at Manjinji.
- **Infrastructure development:**
  - R5,3 million was invested in infrastructure development projects as an important aspect of assisting with the development of successful rural communities such as road construction.
- **Sports, arts and culture:**
  - The company acknowledges the important role that arts, sports and culture can play in the development of successful rural communities. R381 000 was invested in these initiatives during the year.

Creating sustainable communities

Tongaat Hulett works in partnership with government and communities to develop sustainable communities. For more information on the Cornubia Integrated Human Settlement, visit Tongaat Hulett's website at www.tongaat.com

Developing indigenous farmers

Zimbabwe

Successful operations in Zimbabwe are enhanced through a comprehensive private farmer rehabilitation programme with the objective of developing 15 880 hectares of private farmland under the Successful Rural Communities Project (SusCo). There are currently 813 active farmers, who employ some 6 700 people. In terms of phase two of the project, an additional 3 000 hectares of new private farmer sugarcane development will be completed from the Kilimanjaro project.

Mozambique

In the operations at Xinavane and Mafambisse, Tongaat Hulett continues to work with rural communities in order to develop indigenous sugarcane farmers. In the past season, 2 735 indigenous farmers on 6 155 private and leased hectares supplied sugarcane to Tongaat Hulett operations.

Food security

As a member of the UN Global Compact, Tongaat Hulett remains committed to accelerating its disaster risk reduction activities and seeking to make food production systems more resilient and more capable of absorbing the impact of, and recovering from, disruptive events. Many crop yields are expected to decline due to long-term changes in temperature, rainfall and increased climate variability. The outcome of these impacts on weather patterns may result in higher food prices, chronic poverty and undernourishment for farming households in rural communities. Disaster risk reduction activities ensure the protection of development investments in the agriculture, livestock, and forestry sectors, thereby providing assistance to vulnerable communities and assisting in food security.

Supply chain

Tongaat Hulett is committed to sustainable and innovative procurement initiatives to deliver value to the business and local communities in which it operates. In order to achieve alignment and sustained benefits, high level cross-functional teams involving Strategic Sourcing, Human Resources, SHE and business operations are working closely on sourcing projects with potential to deliver positive economic, social and environmental outcomes, including:

- Project SETH (Sourcing Excellence in Tongaat Hulett) - a fundamental reconfiguration and transformation of the company's approach to procurement.
- Local Procurement and Enterprise Development Projects - a set of policy guidelines to accelerate the visibility and impact of local procurement and enterprise development projects in the various countries in which the company operates. Special attention is being directed to provide local start-ups and Small to Medium Enterprise (SME) suppliers with preferential access to supply opportunities inherent in Tongaat Hulett's extensive value chain in order to improve employment opportunities for local communities.
- Green Procurement Initiatives – a good business imperative that suppliers of the company demonstrate commitment to research, development and delivery of safer, resource-efficient and environmentally-friendly goods and services. Of particular interest are current trials of organic fertilizers which, if successful, could replace chemical-based fertilizers on a wider commercial scale.

Preferential procurement

The objective of Preferential Procurement under the Department of Trade and Industry's current Codes of Good Practice (in South Africa) 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.

Tongaat Hulett is committed to supporting suppliers, improving their empowerment credentials and introducing SME's, black-owned and black women-owned suppliers to the business. The company's Preferential Procurement score during the previous assessment period was 14,37/20. In respect of the Procurement Scorecard for Tongaat Hulett, and based on the expenditure for the period ending 31 March 2013, out of a total available spend (defined as total procurement spend less spend on parastatals and imported goods) of R7,349 billion, BEE procurement spend from all suppliers based on BEE procurement recognition levels as a percentage of total measured spend, was R5,336 billion (72,61 percent). Spend with QSE and EME suppliers totalled R965 million whilst spend with black-owned EME suppliers totaled R114 million and total spend with black women-owned EME's was R36 million.

14,37/20	**Preferential procurement score during the previous assesment period**
72,61	**Percentage of total available spend on BEE procurement spend**
R965 Million	**Spend with QSE and EME suppliers**
R114 Million	**Spend with black-owned EME suppliers**
R36 Million	**Spend with black women-owned EME suppliers**

Transformation

Tongaat Hulett has a long history of being socially active in the SADC region and proud of the fact that it has met its internal transformation targets. The sixth B-BBEE rating audit by AQRate was conducted in 2014, with Tongaat Hulett being categorised as a Level Three Contributor and scoring 81,51%. The challenge will be to maintain this rating as the business transitions to the Agri-BEE Generic Scorecard rating with more stringent benchmarks.

Safety, Health and Environment (SHE)

The Chief Executive Officer and senior management oversee allocation of appropriate resources and provide guidance on implementation of SHE improvement programmes. Progress on SHE performance is reviewed at various levels of the organisation including the Board's subcommittee on Risk/SHE/Socio/Ethics and various SHE committees led by executives responsible for all business operations.

With a peak employee complement of some 35 000 people, working with various stakeholders and operating in different communities with diverse cultural backgrounds, human behaviour dynamics provide a critical link to Tongaat Hulett's safety risk management framework, which includes contractors.

> The company is focused on progressing a 'zero harm' campaign to promote a safe behavioural culture that goes beyond being conscious of safety to being and feeling subconsciously safe with the support of other individuals at the workplace, at home and in social environments.

The company's safety performance continues to improve in terms of both fatalities and injuries. A single work-related fatality was regrettably suffered in the 2013/14 fiscal year resulting in a Fatality Injury Frequency Rate (FIFR) of 0,002 compared to a FIFR of 0,005 recorded in 2012/13. While this fatality is deeply regretted and 'one too many', a reduction in the number of fatalities suffered from three recorded in 2012/13, two in 2011/12 and four in 2010/11 reflects encouraging progress towards the total elimination of work-related fatalities. Significant fatality risks were identified and their respective controls have been implemented if they were not already in place. Notwithstanding the fact that existing fatality risk controls are deemed to be appropriate, a continuous risk assessment review protocol is available and being adhered to by all operations.

A total of 45 Lost Time Injuries (LTIs) were recorded in 2013/14 compared to 56 suffered in 2012/13 representing a 20 percent

	Actual 12 months to 31 March 2012		Actual 12 months to 31 March 2013		Actual 12 months to 31 March 2014		Limits 12 months to 31 March 2015	
	LTIs	LTIFR	LTIs	LTIFR	LTIs	LTIFR		
Sugar	53	0,09	47	0,08	39	0,08	LTIFR	0,07
Starch	6	0,40	9	0,58	6	0,39	LTI	4
Developments	0	0,00	0	0,00	0	0,00	LTI	0
Consolidated	59	0,10	56	0,094	45	0,087	LTIFR	0,093

reduction. A Lost Time Injury Frequency Rate of 0,087 was recorded. An encouraging improvement of LTIFR was observed during the past five years as shown in the table above. A total of 462 medical treatment cases and 939 first aid cases were recorded in the year resulting in a Total Recordable Cases Frequency Rate (TRCFR) of 0,98 and Total Injury Frequency Rate (TIFR) of 2,80 respectively. Total injuries of 1 447 recorded in 2013/14 represented a 15 percent reduction from 1 707 suffered in the previous year. High order safety interventions that included the establishment of hard barriers and engineering solutions in mitigating risks were applied during the year and have made a positive impact on safety performance.

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 or sucrose is a completely natural plant product. It is produced by the sugarcane plant in much the same way as other plants produce sugars in fruit or vegetables. In the body, the sucrose molecule separates into glucose and fructose, exactly the same sugars that are found in fruit. Neither white nor brown sugar contains additives or preservatives of any kind.

Consumption of any foodstuff, no matter how harmless, at excessive levels, especially if it is to the exclusion of other types of food, is not conducive to good health. As part of a sensible, balanced diet, sugar is a natural and healthy contributor to the enjoyment of food.

Health

Public health and employee well-being remain key strategic fundamentals within Tongaat Hulett. This continues to be managed primarily through comprehensive healthcare programmes that include occupational health, primary health and general wellness.

HIV and AIDS

HIV and AIDS continue to present a significant challenge for Tongaat Hulett and the communities in which it operates. Programmes that include Voluntary Counseling and Testing (VCT), HIV Counseling and Testing (HCT) and Anti-Retroviral Treatment (ART) continue to be offered by the company in addition to varying models of HIV/AIDS management already established at the various operations. Male Medical Circumcision (MMC) is a preventative measure that has been shown to reduce transmission of HIV in men by up to 60 percent and has been established at most of the business's operations. More than 85 percent of Tongaat Hulett's employees presented for VCT/HCT during the year. In addition, a total of 14 818 contractor employees presented for VCT/HCT offered for free by the company. The number of employees and contractor employees enrolled on the company's ART programme during the year was 3 493 and 877 respectively. This represents a total of 4 370 people being offered ART by the company at a cost of R2 066 585.

The success of the ART programme has also resulted in more HIV positive employees remaining at work as opposed to leaving employment through death or medical retirement.

Malaria

The company operates in high malaria risk areas in Zimbabwe, Mozambique and Swaziland. Employees and communities in these countries are therefore vulnerable to the disease. Tongaat Hulett is in partnership with the respective regulatory authorities and non-governmental organisations in managing various malaria control programmes that include indoor residual insecticide spraying, larviciding, chemo-prevention with Deltaprim, use of mosquito repellents and long-lasting insecticide-treated mosquito nets. Community-based health education awareness campaigns at these operations are ongoing.

No malaria-related fatalities were recorded in 2013/14. There was a 33 percent increase in the number of malaria cases recorded in 2013/14 when compared to the previous year. The increase was attributed to environmental factors including unusually heavy rainfalls that resulted in flooding in Zimbabwe and Mozambique. Socio-economic factors that resulted in expanded informal settlements unfortunately limited the effectiveness of household-based insecticide spraying interventions.

NATURAL CAPITAL

Environmental stewardship

Globally, natural resources are under stress and ecosystem degradation is a material issue to all businesses, given the significance of sustainable natural capital to global socio-economic prosperity. As an agricultural company, Tongaat Hulett is a major user and owner of land, biodiversity and water resources. Tongaat Hulett embraces the sustainability imperative of conducting business in an environmentally-conscious manner.

Climate change

Climate change creates risks and opportunities for the company and may ultimately lead to significant changes in the physical environments in which businesses operate. Management believes the global energy and climate challenges are best met by companies, governments and society working together. Energy demand growth will require increased energy efficiency, and the use of all available energy sources: fossil fuels, nuclear and renewable energy sources.

Given the increased focus on climate change, Tongaat Hulett has an objective of changing its emissions profile and improving energy and GHG-intensity of its operations. The generation of renewable electricity from bagasse and the blending of biofuel with petrol and diesel will help consumers to lower their GHG emissions.

The business is committed to reducing its greenhouse gas emissions by five percent per annum for the next five years and is targeting at least a 20 percent reduction by 2020 from a 2013 baseline.

Carbon management

Climate change is integrated into the business's company-wide risk management processes and a detailed discussion on this important topic is included in Tongaat Hulett's latest submission to the Carbon Disclosure Project (CDP). The CDP is 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 fifth carbon footprint analysis which 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 CDP (www.cdproject.net). Tongaat Hulett tracks and monitors its GHG emissions and will continue to improve the accuracy and reporting of its carbon footprint.

During the year, business operations emitted 860 054 metric tons CO_2 equivalent (CO_2-e) Scope 1 emissions. The company purchased electricity that emitted 273 320 metric tons of CO_2-e. The total Scope 3 emissions were 6 946 metric tons CO_2-e covering business travel, supply chain transport and distribution by third party companies. In the reporting period, employees booked nearly 2 000 business trips, flying more than 3,4 million

CARBON FOOTPRINT METRIC TONS CO_2-e

2013 | 2014

SCOPE 1

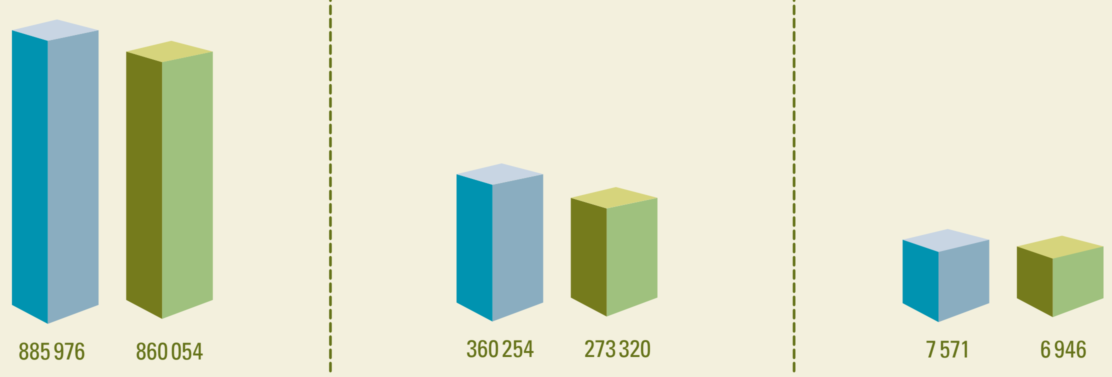
Direct emissions arising from owned or company-controlled sources: combustion boilers, furnaces, vehicles and chemical production equipment

SCOPE 2

Indirect emissions from the generation of purchased electricity consumed by Tongaat Hulett

SCOPE 3

All other indirect emissions that arise as a consequence of the business's activities



kilometers, resulting in 703 metric tons CO_2-e being emitted from business travel.

The total Scope 1, Scope 2 and Scope 3 carbon emissions for the period under review was 1 140 320 tons CO_2-e and the turnover was R15, 716 billion, which equates to 73 grams of CO_2 emitted per Rand generated. The GHG emissions have been verified by a third party service provider.

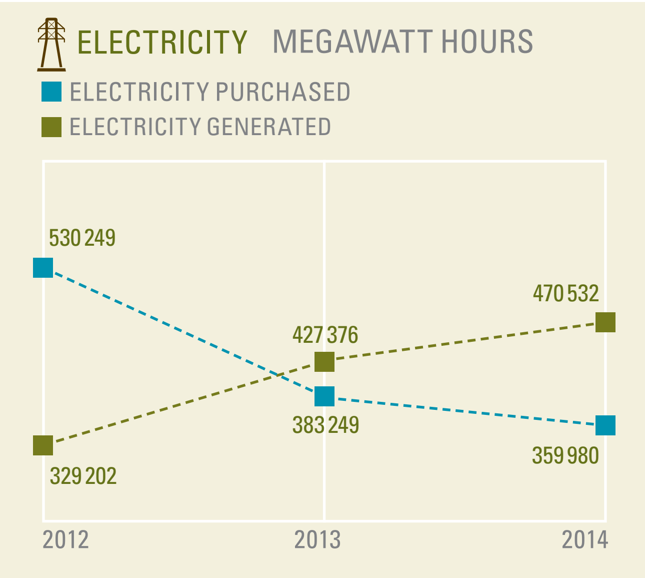
Total emissions from South African operations, calculated at 749 529 metric tons CO_2-e, includes emissions of 393 016 metric tons CO_2-e emanating from the South African sugar operations. Tongaat Hulett recently completed a study with the assistance of carbon specialists which found that the company's sugar farms sequest carbon at a rate of 12 tons per hectare per annum from sugarcane produced. Using this rate, Tongaat Hulett's 35 035 hectares (grown from company-owned and leased land) equates to 420 420 metric tons sequested CO_2-e per annum. The South African sugar operations could benefit from the carbon capture and storage of CO_2 in the growing of sugarcane if the National Treasury allows for sequested emissions to be deducted from the company's carbon footprint.

Consequently, this part of the business should be well placed to offset a substantial part of its emissions on this basis, resulting in South African operations emitting a net 329 109 metric tons CO_2-e overall.

Energy

The imminent introduction of a suitable regulatory framework for the provision of privately-produced alternative energy to the national grid in South Africa could potentially result in Tongaat Hulett expanding the business's ability to generate electricity from bagasse, a renewable resource produced as a co-product of the sugar refinement process. In the short to medium term, this would involve infrastructure development projects across the company's sugar mills in order to more than double capacity for energy generation from bagasse.

For the period to 31 March 2014, Tongaat Hulett used 784 397 MWh of electricity in all of its operations and offices. It generated 470 532 MWh from its sugar mills, predominantly from bagasse, and sold 45 930 MWh to the national grid. In the previous reporting period ended 31 March 2013, Tongaat Hulett used 774 302 MWh, generated 427 376 MWh and sold 36 323 MWh. Other sources of fuel that are used include coal (295 740 tons), diesel (12 343 725 litres), petrol (1 097 981 litres), gas (472 293 KJ) and wood.



Air quality

Sugar mills primarily burn bagasse as a fuel and, as a result, 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 air quality 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. All South African sugar operations have submitted applications for their Air Emission License and are awaiting feedback from the relevant authority. During 2014, the milling operations have trialed the use of woodchips as a supplementary fuel option to deal with low cane throughputs periods. The trials were successful and have provided an alternative to coal-based fuel.

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. The refinery has been issued with a five year schedule trade permit which has incorporated the latest air quality standards based on its rated capacity. The revised emission targets have been based on the development of innovative process technology which will have significant energy efficiency benefits. The construction of the R18m demonstration plant to test the new proposed process technology has been completed. The project is now due for commissioning which will take place during 2014.

During 2013, the refinery initiated two projects aimed at reducing its overall carbon footprint. The first project involved the cross-haul of sugar during the milling off-season via rail, thereby reducing the impact of road transport. The second initiative was the complete replacement of the forklift fleet for sugar movement in the warehousing operations resulting in a 14 percent reduction in diesel usage.

Biodiversity and land management

External expectations around the private sector's management of biodiversity are growing. Tongaat Hulett's activities impact biodiversity, making agricultural and land development

projects increasingly high profile and sensitive for communities, governments, investors and other interested parties. The company controls over 20 000 gross hectares of land in South Africa, of which some 8 200 developable hectares have been assessed as having high potential for conversion from agriculture to other uses at the appropriate time. This conversion is carefully managed in a coordinated and planned manner in line with broader government objectives and spatial policies. At the same time the company continues to rehabilitate currently unproductive land to agriculture in support of government's agricultural and rural development goals and objectives, while also securing additional sugarcane supply to its mills.

Water resource management

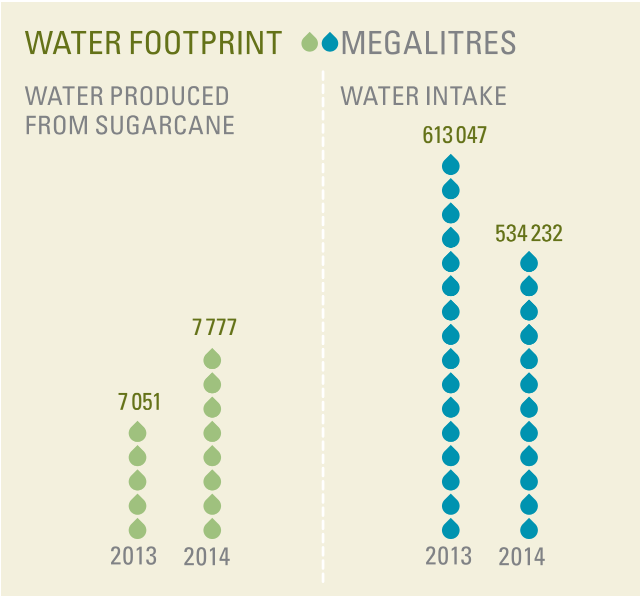
Tongaat Hulett is involved in water partnership projects addressing locally relevant issues such as watershed protection, access to safe drinking water, sanitation, agricultural water efficiency, and education and awareness.

Management is increasingly addressing water stewardship in the context of the "water-energy-food" nexus through an integrated approach informed by the CDP Water Disclosure, the 2030 Water Resources Group (2030 WRG), and the National Water Resources Strategy released by the South African Department of Water Affairs. The business is a signatory of the UN Global Compact CEO Water Mandate and is committed to effective water resource management throughout its operations.

> The company has a Water Policy in place which documents Tongaat Hulett's approach to key water management elements, including effective use of water resources, local water resource optimisation and protection.

The company continues to identify opportunities for water recycling, efficient use and responsible wastewater disposal. Sugar mills in South Africa are net producers of water due to the fact that the sugarcane plant comprises approximately 70 percent 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.

The input water sources include water abstracted from rivers, water available in sugarcane and water purchased from municipal sources. Most sugar mills operate in remote locations and therefore assist in the provision of potable water to local communities. For the reporting period, the total water input was 514 232 Ml of which 7 777 Ml was produced from sugarcane and 8 352 Ml was supplied to communities or sold to local municipalities.



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 sugarcane 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.

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 new revenue streams from the sale, exchange and recycling of waste products. A significant increase in recycled material volumes was noted for this reporting period. Some of the new practices implemented include the recycling of cane spillage from roadways back into farming.

The increase in hazardous waste volumes is mainly attributed to the re-classification of boiler ash at Triangle and Hippo Valley. The residual chemical content in boiler ash has resulted in the `hazardous' classification. This is most likely linked to the source of coal being used at these two operations. During the reporting period, 12 824 tons of general waste (2013: 11 436 tons), 2 803 tons of scrap metal waste (2013: 4 152 tons) and 4 359 tons of hazardous waste (2013: 3 084 tons) was generated and disposed of in accordance with applicable legislation.

Environmental compliance

During the year, the company dealt with a number of concerns raised by affected stakeholders surrounding its operations. There were no material incidents 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 environmentally-related complaints. Below is a summary of how the issues were addressed and resolved:

- The Maidstone mill in Tongaat was issued with a directive by the municipal official in September 2013 relating to the overflow of effluent during a sludge removal activity at the effluent dam. The mill was asked to develop a plan for effective management of the effluent dam. This plan was submitted and acknowledged by the regulatory authority. The mill continues to proactively engage with local communities and the relevant authorities on matters related to effluent irrigation. Several short-term initiatives have been put into place to deal with community concerns.
- The Department of Environmental Affairs (DEA) issued a fine to Tongaat Hulett for disturbing virgin land in the KwaMthethwa traditional leadership area where the cane and rural development unit (CRDU) was operating. While it had been acknowledged that Tongaat Hulett's agriculture operations caused some disturbance on virgin land, management took a decision to appeal against the level of the fine considering an existing partnership involving Tongaat Hulett, the DEA and the KwaMthethwa Traditional Council. An appeal decision has since been received from the DEA, in which the extent of the original fine was significantly reduced. In the interim, efforts continue to be directed at avoiding tampering with virgin land during agriculture operations. Visit Tongaat Hulett website at www.tongaat.com for more detail.
- A total of 50 complaints (48 - level 1 and two - level 2) were recorded during the year.

The following is a summary of how the more severe (level 2) complaints were addressed and resolved:

- The Developments operation received a complaint regarding the pruning of trees at the business's office. The incident, which attracted local media attention, was addressed by the operation.
- The Starch milling operations received complaints relating to effluent and odour from process operations. Corrective action was taken to address all matters that were raised and the measures taken included the submission of an environmental management plan and the upgrading of process operations to deal with these complaints.

HUMAN CAPITAL

Tongaat Hulett's strategic aspirations and operating business plans informs the company's human capital planning and directs the human resources interventions rolled out at all levels of the company. In all the geographies in which we operate, the local, regional and global dynamics; and most importantly the various national socio-economic, regulatory, legislative and other factors are taken into consideration when managing the company's human resources. Given this context of managing internal and external operating factors, strategic decisions on the management of company human resources is provided centrally by the company's leadership, while the implementation of HR interventions is localized to ensure relevance and direct and immediate impact on company's plans and operations.

For the reporting period, priority was given to leadership and executive resources as well as other critical skills in the various operations. Interventions were also focused on employee welfare, and on creating an environment conducive for industrial relations through engagement with the various labour and employee representation formations. Employee training and development remains the backdrop for ensuring continuous improvement in our operations, enhancing individuals' knowledge and skills, as well as to provide career development opportunities for our employees.

The company continues to provide a competitive value proposition to attract, employ, retain and develop good caliber and diverse employees who are able to contribute to the achievement of the business's strategic goals.

Employee base

The total workforce as at 31 March 2014 across all countries was 35 065 compared to a total of 39 246 the previous year. This includes full-time employees, seasonal and casual workers as well as fixed-term contractors. The downward change in the number of employees was through managed recruitment and attrition.

The breakdown of Tongaat Hulett's employee base per country as at 31 March 2014 is as follows:

Operating country	Full-time & fixed-term employees	Seasonal workers & casuals	Total
South Africa	3 326	1 606	**4 932**
Mozambique	8 467	6 878	**15 345**
Zimbabwe	11 836	1 886	**13 722**
Swaziland	403	355	**758**
Botswana	118	3	**121**
Namibia	174	13	**187**
Totals	**24 324**	**10 741**	**35 065**

Existing specialised skills in all countries

The company's operations rely on different types of skills and competencies, primarily in agriculture, milling and refinery, marketing, sales, distribution and commercial skills; as well as engineering and technical skills. These skills groups generally tend to be difficult to attain from the labour market, they require longer term investment in training and development, they are highly specialized for cane/sugar and maize/starch agro-processing functions, and are highly mobile in terms of employability, therefore requiring investment in training and posing retention challenges. Focus is therefore given to these highly qualified and highly skilled individuals. The interventions to maintain the required capacity are aimed at improving skills of current employees, attaining from the labour market; while building future capacity through graduate development programmes such as the engineers in training project.

In the various critical functional areas, the breakdown of qualifications of these specialized skills across the company is as follows:

	Number (as at 31 March 2014)	Average age (as at 31 March 2014)	Number terminated (1 April 2013 - 31 March 2014)	Number appointed (1 April 2013 - 31 March 2014)
Degrees/ Diplomas	1 155	40	76	49
Artisans	496	40	29	21

Human Capital Interventions

Succession Planning and Critical Skills Talent Management

There has been focus on the leadership, executive resources and critical skills of the company, and significant progress has been made in managing key talent for executive leadership and other critical roles across the company.

A formalized process for managing the company's top talent in key roles is in place at company level for cross-company leadership and key roles requirements, while each operating company has talent management processes for operations' specific skills requirements and to provide long-term skills needs for the company. Talent management incorporates succession planning, talent development and talent retention aimed at building capacity for both immediate and long-term skills needs.

The company's key talent has been 'segmented' and prioritized, based on business skills needs and challenges, key roles, individuals' performance and potential, as well as in line with employee transformation aspirations in Mozambique, South African and Zimbabwean operations. The diversity of skills in the businesses talent pool is steadily improving, including females being appointed into the senior and executive leadership roles in South Africa and Zimbabwe so far.

Talent management programme interventions are proactive and dynamic, as they continuously re-calibrate skills and capacity requirements and an ongoing identification of talented individuals from within the entire employee base, and providing development experiences and support for each employee to reach their potential.

There has been focus on the leadership, executive resources and critical skills of the company, and significant progress has been made in managing key talent for executive leadership and other critical roles across the company.

Employee Training & Development

The employee training and development interventions are informed by business needs, operating challenges, existing skills supply and levels of competence, against the skills requirement for each of the operating companies. The interventions that were prioritized for the reporting period include artisan training, graduate development programmes, supervisory skills training, agriculture management skills and Safety, Health and Environment (SHE) training. Agriculture skills training, motorised equipment (such as fork-lifts) training, and SHE training received the highest priority, in line with operations goals and continued focus on employee safety and welfare. Furthermore, employees were provided opportunities to study further through the employee study support scheme, improving their skills and career opportunities. Spend on training and development for the year exceeded R50 million.

Compliance with Legislation & Regulations in Employee Management

Tongaat Hulett complies with the various legislative and regulatory frameworks with regards to employee management and skills development reporting. The information below, is presented in terms of South African legislation, and therefore excludes other company operating geographies.

The various categories of training and development courses are in the table below:

Categories of training programmes	Number of employees who attended training from 1 April 2013 to 31 March 2014	Percentage
Management and supervisory skills	429	3,0%
Agricultural skills	3 671	25,7%
Engineering/Technical /Artisan	745	5,2%
SHE	6 690	46,8%
Driver-Forklift/ Crane/Tractor	2 055	14,4%
Human resources training	129	0,9%
Life skills	125	0,9%
Admin/Business skills/Finance	456	3,2%
Total	**14 300**	

Training and related information in respect of South African Operations for the period 1 April 2013 to 31 March 2014

The operating companies in South Africa, which incorporate Sugar, Starch, and Developments, comply with the various employment legislation relating to affirmative action, employment equity, labour relations, skills development and other relevant laws. Within the overall training costs of R45,3m; a total of R28,1m was training costs for the South African operations, with the different categories of spend detailed below:

1 percent skills levy	R12,3 million
Training spend as a % of leviable amount	2,3%
No of person days trained	6 934
Number of person days available	1 222 590
% trained person days	0,6%
No of persons trained	1 453
Expenditure on African, Coloured & Indian employees	R23 399 803
Expenditure on African, Coloured & Indian Women	R6 247 327
Expenditure on employees with disabilities	R140 958

Graduate Development Programme

In line with the company's goal of managing skills supply proactively, the graduate development programme continues to receive focused attention. Tongaat Hulett has rolled out interventions such as further education bursaries, engineers in training (EIT), in-service training and learnerships, targeting graduates from universities, further education institutions and universities of technology.

The various interventions, which are longer-term and varied based on skills needs in different operations, also take cognizance of the local socio-economic factors impacting education and training of school-leavers and further education graduates, job opportunities and levels of business knowledge and employment readiness among graduates. The company had 472 school-leavers and graduates in training, at various levels of exposure and development. These interventions are of different lengths, and are structured in line with company skills needs, university in-service requirements, and on work-readiness levels and knowledge of graduates. Apprenticeship, which is directly related to artisan and technical skills requirements, received priority.

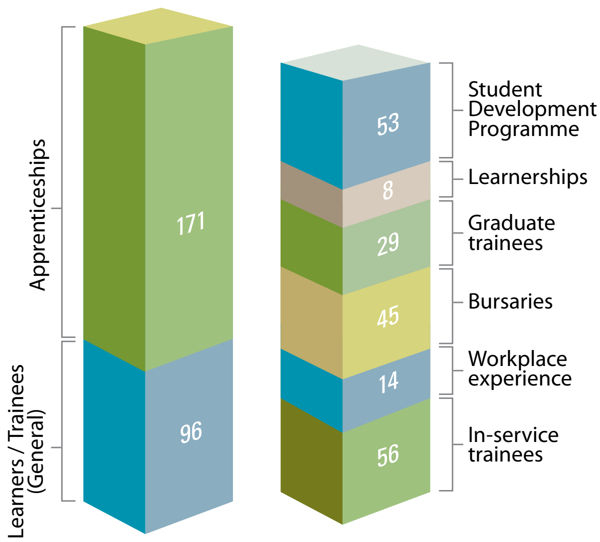
CASE STUDY

ANDREW GIELINK

When Andrew heard about a vacancy for an Electrical Engineer in the Technology & Engineering Group at Tongaat Hulett in 2008 he jumped at the chance of a mid-career change. Andrew's uncle, Murray Gielink, had worked for many years as an electrical engineer in the sugar industry and had shared many stories of working in this challenging and fulfilling environment, making this seem like an ideal opportunity.

To read more about Andrew go to
www.tongaat.com/2014/andrew_gielink.pdf

Summary of trainees:



Persons with Disabilities

Tongaat Hulett is committed to providing a work environment that supports people with disabilities, and the Company is putting in place interventions to ensure that they reach their potential and contributes fully to the running of the functions in which they work.

There were 68 employees with disabilities as at 31 March 2014 in South Africa, which constituted 1,4 percent of the total employee complement.

Employee Diversity: Indigenization, Localization, Employment Equity & Affirmative Action

The objective to transform the diversity and employee profile of the company's employee base informs various specific interventions across the business. Specific interventions and processes were put in place, taking into account the various operating environments and specific skills supply and challenges of the various geographies in which we operate. While all operating companies and geographies pay attention to employee transformation and diversity, the prioritized geographies for employee transformation interventions for the reporting period were Mozambique, South Africa, and Zimbabwe.

In South Africa, in response to the need to address the imbalances of the past; a strong employment equity culture has been fostered over many years. There has been steady and significant achievements in the various segments, as illustrated by improvements in the representation of designated groups, with particular emphasis on Africans, black women and persons with disabilities. As at 31 March 2014, 62,3 percent of management and 84,6 percent of skilled and supervisory positions are filled by black employees. Women constitute 29,9 percent of the workforce across South African operations. In terms of the professional skills profile, 76,1 percent of the graduates and diplomates employees are black, with women constituting 46,8 percent.

The overall proportion of black representation in management as at 31 March 2014 was 62,3 percent of permanent staff at this level, compared to 61,2 percent as at 31 March 2013. Females at senior management level increased from 14,5 percent to 16,2 percent as at 31 March 2014, the proportion of black females in top management increased from 22,2 percent to 28,0 percent as at 31 March 2014 and black females in management increased from 20,9 percent to 22,2 percent in March 2014.

In Mozambique, employee transformation is focussed on localisation of the skills base, within the legislated quotas of the government of Mozambique. Proactive processes were rolled out to identify skilled local nationals within the company and in the external labour market. There is also accelerated training and development of local nationals, ensuring that time to full productivity (where required) is shortened. Furthermore, focus will be on the gender diversity of the employee base.

In line with the company's employee transformation aspirations, vacancies although limited during the reporting period; were utilized as opportunities for recruitment and promotion of locals and females in Mozambique, for recruitment of females into senior roles in Zimbabwe, and for females and Africans into senior roles in the South African operations. The intention is to have a diverse supply of highly skilled individuals for all key roles in the company in our targeted operating geographies, managed proactively and coordinated to ensure adequate labour supply, critical skills retention and provide career development opportunities for all employees.

Industrial relations

Human rights

Within its sphere of influence, Tongaat Hulett implements 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 and/or 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. These guidelines and operating philosophies are embedded in the company's operating ethos, and the company expects all employees to share its commitment to high moral, ethical and legal standards.

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.

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. 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 11 different unions as at 31 March 2014 and approximately 75,5 percent of permanent employees are members of unions.

The 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)
- National Union of Public Service and Allied Workers (NUPSAW)
- Swaziland – Swaziland Agriculture and Plant Workers Union (SAPWU)

Zimbabwe:

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

There was one strike incidents which resulted in seven days lost in Sugar SA, with a financial cost implication of R13,7 million for the period under review.

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.

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.

MANUFACTURED CAPITAL

Promoting sustainable agriculture

Promoting agricultural sustainability is a socio-economic imperative. The company has policies in place that review the planning and integration of land management in light of the multifunctional aspect of agriculture, particularly with regard to food security and sustainable development.

This integrated approach involves the following:

- the participation of affected communities
- the promotion of human resource development for sustainable agriculture
- improving farm production and farming systems through diversification of farm and non-farm employment and infrastructure development
- land-resource planning information
- education for agriculture, land conservation and rehabilitation
- sustainable plant nutrition to increase food production

The company practices a range of conservation methods and land use plans to ensure that every field is environmentally assessed before planting. In selected areas, depending on soil conditions and other agronomic influences, a range of cover crops are used to improve soil conditions and nitrogen prevalence for the subsequent sugarcane crop. The company's view is that better farming practices will halt and in some instances reverse the process of soil degradation. At the same time, farmers are encouraged to use existing farmland more efficiently. Sustainable farming solutions include not tilling the land, crop rotations, bringing vegetation back to degraded land and planting vegetation around fields to prevent erosion.

Product responsibility

Tongaat Hulett continues to participate in a number of initiatives that promote product responsibility in agriculture, agri-processing and land development. The company complies with all relevant safety, health, environmental and quality legislation in each of the countries of operation while striving to implement industry best practice. The production facilities have been certified under the ISO 9001:2008 quality management system. In South Africa, the operations have adopted HACCP, where appropriate. Downstream products supplied to the pharmaceutical industry are required to meet the Food and Drugs Act standards.

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

The company's approach to marketing is not to mislead the public about any potential health or other risks related to Tongaat Hulett products. The company's objective is to grow its market share through product innovation and the development of high-quality products as the company seeks to grow its market share in a responsible manner.

INTELLECTUAL CAPITAL

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 obtaining provisional patents, with targeted national and international patenting. Tongaat Hulett holds 13 patents registered in Australia, Brasil, China, Colombia, Indonesia, India, Mauritius, Mexico, South Africa and USA. It is a proprietor of 316 registered trademarks in Australia, Botswana, Lesotho, Namibia, New Zealand, Phillipines, South Africa, South Korea, Swaziland, Taiwan and the United Arab Emirates. The company has 50 domain names registered to it.

Third party certifications

Tongaat Hulett continues to benchmark its performance against global best practices to ensure sustainable development in dealing with the broader sustainability issues incorporating SHE and food safety aspects. Operations subscribe to various internationally-recognised management systems and/or specifications that include NOSA, OHSAS 18001, ISO 14001, ISO 9001, HACCP, FSSC 22000 and ISO 22000.

All operations are certified to either NOSA 5 Star systems or OHSAS 18001 covering occupational health and safety. Of the 19 operations, 15 are certified to the ISO 14001 environmental management system with another one currently going through a routine external surveillance review process to address issues of concern. Progress is being made to ensure that the remaining three operations are moved to the ISO 14001 system. A total of four out of five starch operations and two out of eight sugar packaging operations are certified to ISO 22000/HACCP/ FSSC 22000 food safety management systems. Plans are being implemented to ensure that all food handling operations fully subscribe to food safety management systems and therefore will achieve third party certification.

INDEPENDENT THIRD PARTY ASSURANCE

Integrated Reporting & Assurance Services (IRAS) was engaged by Tongaat Hulett to provide Independent Third Party Assurance (ITPA) over the sustainability content within Tongaat Hulett's 2014 Integrated Report.

Based on our reviews of the Integrated Report, as well as our interviews and desktop research exercises at the group level, the information contained within this Integrated Report is deemed fair, factual and reflective of Tongaat Hulett's adherence to AccountAbility's AA1000AS (Type I, Moderate) principles of Inclusivity, Materiality and Responsiveness.

A comprehensive assurance statement has been submitted to Tongaat Hulett, and will be available on the company's website www.tongaat.com.

For information about our assurance processes and/or findings, please email michael@iras.co.za.

REQUEST FOR FEEDBACK

Tongaat Hulett would like to hear from all stakeholders on their views of the 2014 Sustainability Report. The company is 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:

www.tongaat.com/annualreport2014/gri.pdf

DIRECTORATE

DIRECTORS'
- *Strengths*
- *Capabilities*
- *Experience*

These attributes are reflected under each Director's name

CHAIRMAN

JB MAGWAZA
- *Corporate/organisational & strategic leadership*
- *Human capital best practice*
- *Stakeholder relationships*
- *Transformational leadership*

Independent Non-Executive Chairman and Director of Companies
BA (PSYCHOLOGY & SOC ANTHROPOLOGY), MA (IND REL)

JB (72) 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
- *Corporate/multinational and strategic leadership*
- *Agriculture and agri-processing*
- *Land and property development*
- *Talent management and leadership development*

Chief Executive Officer
BSC (IND ENG)(HONS) (CUM LAUDE), MBA (PRETORIA)

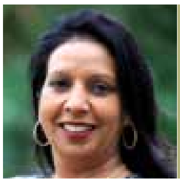
Peter (60) lectured at the University of Pretoria before joining Tongaat Hulett in 1978. In 1990 he became Managing Director of Hulett Aluminium Rolled Products and in 1996 Managing Director of Hulett Aluminium. He was appointed to the Tongaat Hulett Board in 1997 and became Chief Executive Officer in May 2002. He was the Chairman of Hulett Aluminium from 2002 to July 2007. He is also the former Chairman of Trade & Investment KZN and now a Non-Executive Director of Hulamin.

INDEPENDENT NON-EXECUTIVE DIRECTORS

S M BEESLEY
- *Operational best practice*
- *Multinational organisational leadership*
- *Strategic insights*
- *Transformational leadership*

Director of Companies
BA Law, MDP

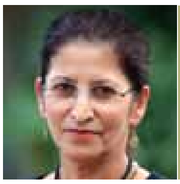
Stephen (62) has extensive multinational business experience in many countries including Botswana, Namibia, Tanzania, Zambia, Mozambique and Zimbabwe. He had a long career at BP plc where he held several executive and leadership roles, including as former Managing Director of BP Africa Limited, CEO of BP Southern African (Pty) Limited and Managing Director of BP and Shell Marketing Services, Zimbabwe. He is currently a partner at SJS Energy, and actively consults on a range of energy issues to the energy sector. He was appointed to the Tongaat Hulett Board in June 2014.



J JOHN
- *Risk Management, assurance and corporate governance*
- *Financial and strategic leadership*
- *Financial governance*
- *Operational best practice*

Chief Audit Executive, FirstRand Group
Hons BCompt, CTA, CA (SA),
Senior Executive Program (Wits and Harvard,
Diploma in Company Direction

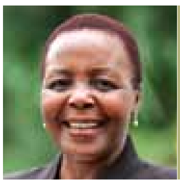
Jenitha (42) has held various financial and audit related roles at, inter alia, Discovery Holdings Ltd, Telkom SA (Ltd), Eskom, Toyota SA and RMBT Property Services (Marriott Group) prior to joining the FirstRand Group. Jenitha has served on many Boards and Audit Committees of both Public and Private 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.



F JAKOET
- *Risk management, assurance and corporate governance*
- *Financial and strategic leadership*
- *Corporate governance and ethics management*
- *Financial governance*

Director of Companies
BSC, CTA, CA (SA)

Fatima (53) 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, MTN (West and Central Africa Region), Rand Refinery Pty Limited and AfriSam (SA) Pty Limited. Fatima was appointed to the Tongaat Hulett Board in 2008.

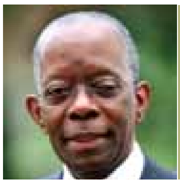


R P KUPARA (Zimbabwean)
- *Risk Management, assurance and corporate governance*
- *Financial governance*
- *Agriculture and agri-processing*

Executive Director, Auzano Capital Management (Pty) Ltd
B.Acc (Hons), CA (Z), MBA

Rachel (54) previously worked in the financial services sector, specifically banking and insurance at various senior levels. She is also a former Finance Director and Chief Executive of Ariston Holdings, a Zimbabwe Stock Exchange listed company. She is currently a Non-Executive Director of Nicoz Diamond Insurance Company and also chairs the Board of Anchor Holdings Limited. She was appointed to the Tongaat Hulett Board in 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS



A A MALEIANE (Mozambican)

- *Risk management, assurance and corporate governance*
- *Socio-economic development and sustainability*
- *Agriculture and agri-processing*
- *Corporate governance and ethics management*

Financial Analyst
BSC, MSc, Dip (Acc)

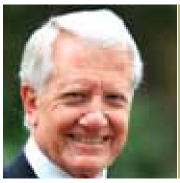
Adriano (64) is a CEO and majority shareholder of MALEfin, Lda, and MALEseguros,Lda (insurance broker). He is also CEO of BNI Banco Nacional de Investimento (Moz) (National Investment Bank) since February 2011. Prior to these positions he worked in the banking sector for more than 33 years where he held various key positions, including Governor of the Central Bank of Mozambique for 15 years. He also worked as financial adviser to the CEO of Citrinos de Maputo, then a large citrus company employing 2000 permanent employees and later 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.

N MJOLI-MNCUBE

- *Entrepreneurship*
- *Strategic leadership*
- *Socio-economic development and sustainability*
- *Risk management, assurance and corporate*

Director of Companies
BA, MSc, Spurs Fellowship (Massachusetts Institute of Technology) USA, Certificate in Engineering and Technology Management, Warwick University, UK

Nonhlanhla (55) is a business woman, and former Economic Advisor to the Presidency. She has worked as a City and regional planner in South Africa, a survey research supervisor at Washington State University, USA, an Executive Director at a subsidiary of Murray & Roberts, chairman of several housing funds, managing owner, and founder of women entrepreneurial organizations. She has certificates in Leadership (Harvard and Wharton Universities USA), and Technology Management (Warwick University, UK). She has more than 10 years' experience as a board member in JSE listed companies. She was appointed to the Tongaat Hulett Board in 2008.



S G PRETORIUS

- *Corporate/organisational and strategic leadership*
- *Human capital management*
- *Strategic marketing*
- *Transformational leadership.*

Director of Companies
MCom (Business Economics)
Honorary Doctorate (Marketing)

Brand (66) currently serves as a non-executive director on the boards of Barclays Africa, Reunert, Metair and Tata Africa Holdings, and as Non-executive Chairman of Italtile Limited. He is also a member of the advisory boards of Business Against Crime SA, the University of Stellenbosch Business School, 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 as Managing Director of Toyota South Africa Marketing and as CEO of 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.

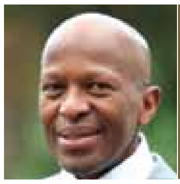
NON-EXECUTIVE DIRECTORS

T N MGODUSO

- *Risk, assurance and corporate governance*
- *Human Capital Strategic talent management*
- *Transformational leadership*

Director of Companies
MA (Clin Psych)

Thandeka (58) 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

- *Corporate/organisational and strategic leadership*
- *Socio-economic development and sustainability*
- *Development economics*
- *Agriculture and agri-processing*

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

Bahle (50) 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. Bahle will take over the role of Non-executive Chairman of Tongaat Hulett with effect from the conclusion of the AGM on 30 July 2014.

EXECUTIVE DIRECTOR

M H MUNRO

- *Financial and strategic leadership*
- *Business operations across Southern Africa*
- *Agriculture and agri-processing*
- *Land and property development*

Chief Financial Officer
BCom, CA (SA)

Murray (48) commenced full-time employment by Tongaat Hulett in 1992, having been involved with 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.

CORPORATE GOVERNANCE

The Board of Directors recognises the inextricable link between effective governance, sustainable organisational performance and creating long-term value for all stakeholders. The Board is therefore committed to transparency, accountability, integrity and ethical leadership.

Tongaat Hulett continues to apply the principles of 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. Tongaat Hulett's King III compliance register is available on the website www.tongaat.com. It includes detail of how each principle has been applied and is reviewed on an annual basis to ensure that the disclosures are current and remain relevant.

Corporate governance initiatives during the year included the review of the effectiveness of the Board's governance structures, a review of 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 partnership with surrounding communities on socio-economic development initiatives and programmes on successful rural living, Broad Based Black Economic Empowerment transactions and employment equity).

This corporate governance report has been aligned to King III, the Companies Act, the Listings Requirements of the JSE Limited (JSE) and other pertinent statutes and regulatory requirements guiding the Board's and company's conduct for 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 articulates 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 2014 comprised nine non-executive and two 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. Mr Bruce Dunlop, who was an Executive Director, retired from the Board on 31 August 2013.

BOARD OF DIRECTORS		BOARD COMMITTEES			
Name	**Year Appointed**	**Audit and Compliance**	**Remuneration**	**Nomination**	**Risk, SHE, Social and Ethics**
Independent Non-Executive Directors					
JB Magwaza (Chairman)	1994		Member	Chairman	
F Jakoet	2008	Member			Member
J John	2007	Chairman			
R Kupara	2009	Member			
A Maleiane	2009				
N Mjoli-Mncube	2008		Member	Member	Chairman
SG Pretorius	2011		Chairman	Member	
Non-Executive Directors					
CB Sibisi	2007				Member
TN Mgoduso	2010				Member
Executive DIrectors					
PH Staude (CEO)	1997				Member
BG Dunlop (retired 31 August 2013)	1997				
MH Munro	2003				Member

See page 56 to 57 for director profiles.

The Board has mandated the following four committees , each with a Board approved terms of reference, to support it in the execution of its governance responsibilities:

- Audit and Compliance
- Nomination
- Remuneration
- Risk, SHE, Social and Ethics

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 the authority to run the day-to-day affairs of the company to the Chief Executive Officer and other senior executives. 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 conclusion of the next AGM the Chairman of the Board J B Magwaza, will retire from the Board, having reached the mandatory retirement age. At the AGM held in 2012, the shareholders approved that the term of office of Mr Magwaza, who was 70 at the time, be extended for a further period of up to two (2) years as his ability, knowledge and wisdom were still required at a pivotal time for the business. A succession process was concluded and the Board appointed Bahle Sibisi as Non-Executive Chairman with effect from 30 July 2014. The Board also appointed Jenitha John, who is an independent non-executive director and currently chairman of the Audit and Compliance Committee, as Lead Independent Director as required by the JSE Listings Requirements and the King Code, in situations where the Chairman of the Board is not independent. This appointment is also with effect from 30 July 2014.

Retiring at the next AGM by rotation are Fatima Jakoet, Nonhlanhla Mjoli-Mncube and Thandeka Mgoduso, who being eligible and available, will seek re-election as directors.

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

Board induction and development

On appointment, new directors have the benefit of induction activities aimed at broadening their understanding of the company and the markets within which it operates. The Company Secretary ensures that directors receive accurate, timely and clear information. The Chief Executive Officer and key executives hold detailed discussions with new directors on business performance, strategic objectives and key themes. This, together with business reports of prior Board and committee meetings, discussions with heads of operations accompanied by site visits of the mills, agriculture and development sites, provides new directors with sufficient exposure 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 King III. Of the nine non-executive directors, seven 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 the Board composition, including the possible enhancement of the existing skills-set on the Board.

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. Independent professional advice is available to directors in appropriate circumstances at the company's expense.

Company Secretary

All directors have access to relevant information and to the advice and services of the Company Secretary, M A C Mahlari, who was appointed in December 2009. Ms Mahlari holds a BA, LLB, has over 10 years' experience as a Company Secretary and has worked in various private commercial law practices. After assessing the Company Secretary in accordance with the JSE Listings Requirements, the Board concluded that Ms Mahlari is suitably qualified, competent and meets the appropriate requirements in terms of experience to carry out the functions of Company Secretary of a public listed company. Furthermore, the Board is satisfied that Ms Mahlari maintains an arm's length relationship with the Board of directors. She is not a director of the company, nor does she enjoy any related or inter-related relationship with any of the directors or executives of the company that could give rise to a conflict of interest.

Board and committee composition and attendance for the year ended 31 March 2014.

Director	Board		Audit and Compliance		Remuneration		Nomination		Risk, SHE, Social and Ethics	
	A	B	A	B	A	B	A	B	A	B
JB Magwaza (Chairman)	5	5			3	3	1	1		
PH Staude (CEO)	5	5							2	2
BG Dunlop (1)	5	3								
F Jakoet	5	4	3	2					2	2
J John	5	5	3	3						
R Kupara	5	5	3	2						
A Maleiane	5	5								
TN Mgoduso	5	4							2	2
N Mjoli-Mncube	5	5			3	3	1	1	2	2
MH Munro	5	5							2	2
SG Pretorius	5	5			3	3	1	1		
CB Sibisi	5	5							2	2

A: Indicates the number of meetings held during the year while the director was a member of the Board and / or committee.
B: Indicates the number of meetings attended during the year while the director was a member of the Board and / or committee.
1: Retired from the Board with effect from 31 August 2013

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.

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 S G Pretorius (Chairman), J B Magwaza and N Mjoli-Mncube. P H Staude, as CEO, and C Mokoena as the HR Executive, attend by invitation and M A C Mahlari is the secretary. The Remuneration Committee had three meetings during the period under review. The record of attendance is contained above. The report of the Remuneration Committee commences on page 68.

Nomination Committee

The Nomination Committee, which comprises only independent non-executive directors, meets as required. Its current members are J B Magwaza (Chairman), N Mjoli-Mncube and S G Pretorius. 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 followed to 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 senior management. During the period under review, the Nomination committee discussed and recommended the appointment of Bahle Sibisi as the successor to the Chairman of the Board. The Committee also had a detailed discussion regarding the directors who would retire by rotation at the next AGM, and recommended the re-election of these directors to the Board.

Audit and Compliance Committee

The Audit and Compliance Committee is constituted as a statutory committee of Tongaat Hulett in respect of its 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 three 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 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 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 in 2013, which concluded that the Tongaat Hulett internal audit function "generally conforms" to the standards recommended by the Institute of Internal Auditors, which is the highest rating in terms of the standards of the Institute of Internal Auditors. The status of "generally conforms" continues to be applicable for a period of five years from the date of validation in terms of the standards of the Institute of Internal Auditors.

The external and internal auditors have unrestricted access to members of the Audit and Compliance Committee and its Chairman at all times, ensuring that their independence is in no way impaired. Both the internal and external auditors have the opportunity 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 is in line with King III 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 on non-audit services.

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 65 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 indicates 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 role and responsibilities, 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 2014:

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 & 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 2014/2015 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 theexternal auditor for the provision of non-audit services to the company.

The committee confirms that it did not receive any concerns or complaints relating to the accounting practices and the 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. **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 articulated on page 61 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, meet the appropriate requirements.

5. **Internal Audit**

- The work performed by internal audit was in accordance with the internal audit plan for the year ended 31 March 2014 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 2014.
- 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 and Ethics Committees and to the Board that no evidence came to light that the internal control environment and risk management process for the company were 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 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 Report**

   At its meeting held on 13 May 2014, the committee recommended the integrated annual report for approval by the Board of directors, taking into account the combined assurance model adopted by the company.

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 above.

Risk, SHE, Social and Ethics Committee

The committee is constituted as a statutory committee in respect of its obligations 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, 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 company executive and senior managers (responsible for SHE, broader sustainability aspects, socio-economic development, stakeholder engagement and ethics, amongst others) attend this meeting by invitation. M A C Mahlari is the secretary. The chairman of the committee reports to the Board on all matters discussed by the committee within its mandate as well as providing minutes of all its activities and decisions taken.

The purpose and functions of the committee are to assist the Board to discharge the statutory requirements of the Companies Act articulated under regulation 43(5), covering amongst others, areas of social and economic development, corporate citizenship, environment, health and employee and public safety, consumer relationships, labour and employment equity. The committee has additional responsibilities assigned to it by the Board which include the total process of risk management and governance, including amongst others overseeing the development and regular review of a policy and plan for risk management for approval to the Board; reviewing the implementation of the risk management strategy and policies by means of risk management systems and processes.

During the period under review, the committee carried out a self-evaluation of its performance. The results of the self-evaluation process reflected that the committee was satisfied with how it executed its responsibilities and fulfilled its mandate during the period under review.

The Risk, SHE, Social and Ethics Committee submits its report to the shareholders as required by the Companies Act and recommended by King III, illustrating how it discharged its statutory responsibilities and acted in accordance with the requirements of its terms of reference for the period to 31 March 2014:

1. **Statutory duties**

   Social and economic development

   Tongaat Hulett is a signatory to and participant of the United Nations Global Compact, a corporate citizen initiative espousing principles in the areas of human rights, labour, environment and anti-corruption. In the previous year, the committee reviewed the company's standing in terms of the ten principles articulated in the Global Compact, noting that it is a voluntary initiative to promote sustainable development and good corporate citizenship through a set of values based on universally accepted principles. It provided a good networking opportunity for the company, and a forum for exchanging key learning and experiences. The committee recorded its satisfaction that the ten principles were receiving due and appropriate attention by the company on an ongoing basis. During the period under review, the committee monitored the socio-economic development initiatives undertaken by the company, within the business objective of contributing to the creation of successful rural communities. A full report of Tongaat Hulett's focus on social and economic development, particularly within the context of its relationship with private farmers, surrounding communities across all areas of operation and the link to the business' various stakeholder relationships can be found in the sustainability report.

   The company is committed to economic sustainability and to this end, continues to assess its business approach to empowerment and preferential procurement, taking into account employment equity, skills development and broad-based black economic empowerment within the South African context. The company's B-BBEE rating audit was conducted for the period under review and Tongaat Hulett was categorised as being a Level 3 contributor. More information in this regard is contained in the sustainability report.

   Good corporate citizenship

   During the period under review, the committee monitored the company's standing and commitment in terms of being a responsible corporate citizen. This included the committee reviewing in great detail the company's stakeholder value creation framework which is linked to the strategic objectives of the company. The framework covers inter alia, the company's objective to assist with the development of small-scale private farmers, partnering with key stakeholders to progress renewable energy initiatives and creating successful rural communities within Tongaat Hulett's cane catchment. The committee also assessed the company's proactive stakeholder engagement interface and other processes in place which ensure that the appropriate communication strategy for each stakeholder grouping is identified and successfully implemented, thereby contributing to the maintenance and development of strong and effective stakeholder relationships. Tongaat Hulett continues to be regarded as a responsible corporate citizen and the committee is satisfied that this element continues to receive the appropriate attention of the committee. A full report of the various initiatives led by the company and the positive impact on surrounding communities can be found in the sustainability report.

Safety, health and environment (SHE)

During the period under review, the committee discharged this responsibility and considered the company's performance in terms of safety, health and the environment, as can be seen in paragraph 3 below.

Consumer relationships

Through the Audit and Compliance committee, a compliance review with Consumer Protection laws was conducted on a company-wide basis across all countries of operation in the previous year. The committee was satisfied that appropriate systems and processes were in place in terms of sale agreements, marketing material, packaging and labeling, as well as the commercial conduct of the company to ensure compliance with these laws. Monitoring of this aspect continues at the various operations and instances of potential non-compliance will be addressed by the Audit and Compliance committee. Through the establishment of customer care lines, operations are able to monitor customer relationships and any potential complaints that may arise.

2. Terms of reference

The committee has adopted and operates within formal terms of reference that have been approved by the Board. The committee confirms that for the period under review, it discharged its duties and responsibilities in accordance with these terms of reference. The summary of the role of the committee is as articulated on page 63 of this integrated annual report.

3. Duties assigned by the Board

During the period under review, the committee fulfilled its responsibilities assigned to it by the Board in accordance with its terms of reference. The 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, 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. The committee performed its responsibility of 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.

4. Relationship with other Board committees

The committee acknowledges the inextricable link between certain of its responsibilities with those of other committees of the Board. Some of these include the relationship with the Audit and Compliance Committee, which retains the responsibility for risk management as it relates to financial reporting risks, internal financial controls and fraud and IT risks relating to financial reporting.

Further, the company's standing on the recommendations espoused in the Organisation for Economic Cooperation and Development (OECD) regarding corruption and employment equity, are reviewed and covered by the Audit and Compliance Committee (which ensures the company has adopted effective systems of internal control, has an independent external auditor and operates within an approved code of ethics, amongst others) and the Remuneration Committee (which considers the company's employment equity report).

5. Sustainability reporting

The committee reviewed and accepted the framework for the sustainability report contained in this integrated report, noting the various themes of the report including Social Performance (social and relationship capital), Environmental Stewardship (natural capital). Human Capital, Manufactured Capital and Intellectural Capital, noting key elements of the International Integrated Reporting framework. As detailed above, the Audit and Compliance 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 Audit and Compliance Committee also considered the various reports of the external assurance service providers to ensure that the information is reliable and consistent with the financial results and other operational information at the disposal of the committee. Furthermore, the Audit and Compliance Committee assessed and satisfied itself of the independence of the external assurance service provider for the Sustainability report.

6. Attendance

The committee had two meetings during the period under review. The record of attendance is contained on page 60.

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 wide 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 and Compliance and Risk, SHE, Social and Ethics Committees, that all significant risks are adequately managed. The Plan consists of "three layers of defense", 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.

MANAGEMENT COMMITTEE

Executive Management Committee

The Executive Management Committee (consisting of senior Tongaat Hulett executives) deliberated on matters of strategy, budget and business planning, the effective operation of the business and on other key issues. The committee's focus is on the alignment of activities and initiatives throughout the company's operations.

During the year under the review, the members were PH Staude (Chairman), J D Bhana, R D S Cumbi, M Deighton, N P Dingaan, B G Dunlop, B R Gumede, M 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 and S J Saunders. The Company Secretary, M A C Mahlari is the secretary of this committee.

CORPORATE GOVERNANCE CONTINUED

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 and 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 favours, employees not being independent from business organisations having a contractual relationship or providing goods or services to Tongaat Hulett, and employees' personal investments taking priority over transactions for the company and its clients.

Compliance by 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 behavior 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.

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 STAKEHOLDERS

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 program. The current program 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.

REMUNERATION REPORT

This remuneration report outlines the philosophy, policy and details of the reward elements for remuneration of Executive Directors/ Officers and Executives as well as for Non-Executive Directors of Tongaat Hulett. The reward philosophy has remained consistent with that previously approved at the past annual general meetings (AGMs) in the non-binding advisory vote by shareholders as required by King III. This will again be applied at the next AGM, in support of good governance.

Remuneration Committee

The roles and responsibilities of the Remuneration Committee have been determined and approved by the Board, as explained in the corporate governance section of this integrated annual report, which deals with Board committees, structures and responsibilities. The committee, which meets at least twice a year, is chaired by an independent non-executive director and comprises only of non-executive directors. The current members are S G Pretorius (Chairman), J B Magwaza and N Mjoli-Mncube. P H Staude, as CEO, and C Mokoena as the HR executive, attend by invitation. M A C Mahlari is the secretary.

The overall objective of the Remuneration Committee is to propose, review and administer the broad policy for executive and director remuneration on behalf of the Board and the shareholders in accordance with best corporate practice. It ensures alignment of the remuneration strategy and policy with the overall business strategy, desired company culture, shareholders' interests and the sustainable commercial well-being of the business.

The 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.

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.

Remuneration philosophy and policy

The objective of the remuneration policy is to align the performance of company executives with company commercial success and sustainability, simultaneously taking into account various stakeholders' perspective and affordability/ cost to company. In developing the remuneration policy, the following factors were considered:

- motivating executives to achieve Tongaat Hulett' business plan, business strategy and budgets;
- creating a strong, performance-orientated environment;
- attracting/motivating and retaining high caliber talent; and
- keeping within industry benchmarked pay levels.

These reward elements are structured to allow for appropriate differentiated reward for different roles and performance of executives, managers and employees, while attention is paid to the quantum of gaps between grades.

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, while the total cost to company is taken into consideration to determine quantum of pay overall. 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.

Performance targets include financial and non-financial targets, and are set at various levels; being company-level targets, operating entity specific targets, team and individual performance levels. All targets are pre-determined and approved by the Remuneration Committee and the Board, and performance reviews are conducted at the end of each performance period for the various instruments in respect of annual targets and multi-year long-term incentive targets. The pre-determined performance targets for short-term goals are explained in the sections below. For long-term targets, a variety of relevant and appropriate measures are used, as detailed in the section on share incentives schemes below.

To ensure alignment with shareholder expectations, the performance targets are set for both short-term and long-term growth expected, and focus executives on both the business plan and long-term strategic aspirations and achievements of the company. The pay elements comprised guaranteed pay including benefits, variable short-term incentives and long-term incentives, which are also utilized as retention instruments for selected and key individuals in the company.

The company's operating context and challenges, against the skills supply in each operating geography, is taken into consideration in utilizing the various pay instruments contained in the Tongaat Hulett remuneration practices. This is considered locally, in each country of operation, regionally as well as globally.

EXECUTIVE REMUNERATION

The remuneration of executives 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
  - made up of cash package and benefits
- variable pay
  - short term incentive bonus schemes, which have maximum levels; and
  - long term incentives in the form of employee share incentive schemes.

Guranteed pay

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.

Benefits

Membership of an approved company pension fund is compulsory for all senior management, and other benefits include the provision of medical aid, gratuity at retirement and death and disability insurance.

Variable pay

The primary purpose of the bonus scheme is to serve as a short-term incentive which gives executives and senior managers the opportunity to earn an annual bonus based on the financial performance of Tongaat Hulett and the operations as well as an element related to individual/team performance.

Incentive bonus scheme

The short-term incentive bonus scheme is based on a combination of the achievement of pre-determined targets, and an assessment of the individual's overall general performance. These targets include measures of corporate and, where applicable, operational performance as well as the achievement of individual and where applicable team performance against pre-determined objectives related to key business strategies and requirements.

The performance targets are made up of 50% financial targets and; depending on job grade level; 50% non-financial targets, which are strategic objectives and team targets.

Financial targets for bonus scheme

All financial targets have an upper limit and a lower limit. If financial results are below the lower limit, zero points will be earned for the element concerned. If financial results exceed the upper limit, the full score related to the relevant element of the bonus will apply to the scheme (participants) concerned. The financial targets of this year comprise

- headline earnings
- ROCE
- cash-flow and
- operating profit

Over and above the range mentioned above, in the 2013/14 performance period, there was also a condition that if Tongaat Hulett's headline earnings were below R700 million, no bonuses would be payable in respect of any element of any scheme. The same principle will be applied in 2014/15.

Incentive share schemes

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

The various instruments are the Share Appreciation Right Scheme 2005 (SARS), the Long Term Incentive Plan 2005 (LTIP) and the Deferred Bonus Plan 2005 (DBP) (collectively referred to as "the Plans"). These share-schemes were amended at the AGM on 27 July 2010 to ensure compliance with Schedule 14 of the JSE Listing Requirements and, where appropriate, the King III Report.

Under these share incentive schemes, senior management and professional 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 in 2010 of 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 RLTIPs is to assist with targeted key and high potential employee retention. Retention shares are a small quantum in relation to other share-based instruments; and are awarded by exception.

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 2014, after approval by the Remuneration Committee and the Board, are detailed on the following pages. 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,
- return on capital employed, and
- strategic goals in areas such as sugar production, renewable energy and extracting value from land conversion.

The performance targets 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.

The King III Report 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.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for their services as directors on the Board and Board committees. Directors' fees are recommended by the Remuneration Committee, considered by the Board, and proposed to the shareholders for approval at each AGM.

Non-executive Directors do not participate in short-term bonus schemes nor in long-term incentive share schemes.

As required by the Companies Act 2008 as amended, the remuneration of non-executive directors will be authorized by special resolution at the AGM and is set out on pages 133 to 134 of the integrated annual report.

SUMMARY OF REMUNERATION COMMITTEE ACTIVITIES/ DECISIONS DURING THE FINANCIAL YEAR

The main issues considered and approved/ recommended by the remuneration committee for 2014 were;

- Cash package increases for CEO, executives and senior managers.
- Short term incentives (bonuses) for CEO and executives.
- Recommendation of long term incentives (share schemes) for the CEO, executives and senior managers.
- Reviewing recommendations for fees payable to non-executive directors.
- Considered executive succession planning for the organisation as well as talent management.
- Updated Remuneration Committee terms of reference.
- Approval of the Remuneration report included in the 2014 Integrated Annual Report, including the non-binding advisory vote.

REMUNERATION DISCLOSURES

The table below sets out for ease of reference, the relevant sections of the remuneration details of directors and officers including share schemes and interest in share capital.

Remuneration disclosure	**Page**
Executive directors' and officers' remuneration	71
Non-executive directors' remuneration	72
Declaration of full disclosure	72
Interest of directors of the company in share capital	72
Details of share schemes (including performance conditions)	73
Interest of directors of the company in share-based instruments	78
Non-binding advisory vote on the company's remuneration policy	134

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

Executive directors' remuneration (R000)

The executive directors' remuneration for the year ended 31 March 2014 was as follows:

Name	**Cash Package**	**Cash Bonus ***	**Retirement, medical and other benefits #**	**Total**
B G Dunlop (to 31 August 2013)	**1 681**	**979**	**2 799 #**	**5 459**
M H Munro	**3 966**	**2 478**	**585**	**7 029**
P H Staude	**7 651**	**5 991**	**1 060**	**14 702**
	13 298	**9 448**	**4 444**	**27 190**

Includes accrued leave and retirement gratuity.

The executive directors' remuneration for the year ended 31 March 2013 was as follows:

Name	Cash Package	Cash Bonus *	Retirement and medical contributions	Total
B G Dunlop	3 743	2 033	469	6 245
M H Munro	3 665	2 041	474	6 180
P H Staude	7 019	4 794	835	12 648
	14 427	8 868	1 778	25 073

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

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

Executive directors' share incentive gains:

	2014	2013
B G Dunlop (to 31 August 2013)	**322**	2 132
M H Munro	**5 611**	2 421
P H Staude	**966**	5 880
	6 899	10 433

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS continued

Non-executive directors' remuneration (R000)

	12 months to 31 March 2014			12 months to 31 March 2013		
Name	**Fees**	**Other**	**Total**	Fees	Other	Total
F Jakoet	**281**	**237**	**518**	282	214	496
J John	**305**	**299**	**604**	258	277	535
R P Kupara	**305**	**139**	**444**	282	138	420
J B Magwaza	**1 075**	**134**	**1 209**	994	95	1 089
A A Maleiane	**305**		**305**	282		282
T N Mgoduso	**280**	**103**	**383**	255	95	350
N Mjoli-Mncube	**305**	**324**	**629**	282	286	568
S G Pretorius	**305**	**221**	**526**	282	103	385
C B Sibisi	**305**	**103**	**408**	282	95	377
Directors who retired/resigned during the year				95	112	207
	3 466	**1 560**	**5 026**	3 294	1 415	4 709

In the above table, "Fees" relates to services as directors on the board and "Other" relates to fees paid for services as committee members.

Declaration of full disclosure

Other than the remuneration disclosed in this note, which was paid by the company, 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 2014.

Interest of directors of the company in share capital

The aggregate holdings as at 31 March 2014 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	**2014**	2013
Executive directors:		
M H Munro	**98 098**	63 662
P H Staude	**258 759**	236 046
Director who retired during the year		70 223
	356 857	369 931
Non-executive directors:		
F Jakoet	**5 068**	5 000
J B Magwaza	**12 275**	12 111
	17 343	17 111

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 introduced in 2010 for 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 grant of 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 Group Limited 2001 Share Option Scheme (the Original Share Option Scheme)

Under the original share option scheme, 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		Fair value Rand Apportioned		Number of options at 31 March 2013		Options exercised	Options lapsed	Number of options at 31 March 2014	
	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin
14 April 2003	24,37	7,53	8,51	2,63	9 100	144 100	9 100	144 100		
1 October 2003	26,35	8,15	8,51	2,63	30 000	30 000	30 000	30 000		
21 April 2004	35,90	11,10	12,27	3,79	152 800	392 100	136 600	6 600	16 200	385 500
					191 900	566 200	175 700	180 700	16 200	385 500

No awards have been made since 21 April 2004 under the original share option scheme, which was 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 2004 awards of the original share option scheme 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: R35,90 (2013: R33,86) Hulamin component: R11,10 (2013: R10,04).
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	1 month (2013: 10 months)
Contractual	120 months

EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Share Appreciation Right Scheme 2005

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

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

Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights at 31 March 2013		Rights granted	Rights exercised	Rights forefeited	Rights lapsed	Number of rights at 31 March 2014
			Tongaat Hulett	Hulamin	Tongaat Hulett	Tongaat Hulett	Tongaat Hulett	Hulamin	Tongaat Hulett
22 April 2006	96,09	18,11	44 570	793 102		44 570		793 102	
20 August 2007	88,84	15,97	630 807			74 015			556 792
25 April 2008	92,74	16,93	806 576			94 372			712 204
22 May 2009	75,06	12,54	985 523			57 329	9 608		918 586
31 May 2010	97,49	20,00	1 217 706			125 891	14 576		1 077 239
31 May 2011	90,42	17,50	1 460 832				26 159		1 434 673
29 May 2012	110,21	21,73	1 367 446				15 425		1 352 021
29 May 2013	126,85	24,30			1 435 892		34 903		1 400 989
			6 513 460	793 102	1 435 892	396 177	100 671	793 102	7 452 504

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	2013 award: 6,73% (2012 award: 7,26%, 2011 award: 7,95%, 2010 award: 7,71%, 2009 award: 7,66%, 2008 award: 8,75% and 2007 award: 8,19%).
Expected volatility	Expected volatility of 28,34% (2012: 28,51%, 2011: 30%, 2010: 26,78%, 2009: 28% and 2008 and 2007: 27%) 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 2,6% was used for the 2013 award (2012 award: 2,6%; 2011 award: 2,75%; 2010 award: 2,5%; 2009 award: 3,5% and 2008 and 2007 awards: 3,44%).
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 with effect from the 2010 award.
Non-market performance conditions	Growth in headline earnings per share.
Market performance conditions	No market conditions.
Weighted average remaining life:	
Expected	2013 award: 74 months (2012 award: 62 months; 2011 award: 50 months; 2010 award: 38 months; 2009 award: 26 months; 2008 award: 13 months and 2007 award: 5 months).
Contractual	84 months.

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	Fair value Rand	Number of conditional awards 31 March 2013	Conditional awards granted	Conditional awards settled	Conditional awards lapsed / forfeited	Number of conditional awards 31 March 2014
31 May 2010	97,49	46,55	171 916		25 787	146 129	
31 May 2011	90,42	40,54	202 238				202 238
29 May 2012	110,21	47,69	341 489			2 557	338 932
29 May 2013	126,85	49,22		555 092		15 437	539 655
			715 643	555 092	25 787	164 123	1 080 825

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 2,6% was used for the 2013 award (2012 award: 2,6% and 2011 award: 2,75%).
Weighted average share price	As above.
Time constraints	Three years from grant date.
Performance (vesting) conditions	For the 29 May 2013 award, 25% of the award is subject to the TSR condition, 25% to the Return on Capital Employed (ROCE) condition, 25% to a Sugar Production condition and 25% is subject to the Bulk Land Deals condition. No retesting of the performance conditions is allowed. For the 29 May 2012 award, 25% of the award is subject to the TSR condition, 25% to the ROCE condition, 25% to a Sugar Production condition and 25% is subject to the establishment of a regulatory framework for Electricity in South Africa. For awards made up to 31 May 2011, 50% of the LTIP award is subject to the TSR condition and 50% is subject to the ROCE condition. No retesting of the performance conditions is allowed.
Non-market performance conditions	For the 29 May 2013 award, ROCE, Sugar Production and the Bulk Land Deals conditions. For the 29 May 2012 award, ROCE, Sugar Production and the establishment of a regulatory framework for Electricity in South Africa. For awards made up to 31 May 2011, ROCE.
Market performance conditions	Total shareholder return (TSR).
Weighted average remaining life:	
Expected	2013 award: 26 months (2012 award: 14 months and 2011 award: 2 months).
Contractual	36 months.

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 the required service period is completed.

Expiring four years from	Issue price Rand	Fair value Rand	Number of conditional awards 31 March 2013	Conditional awards granted	Number of conditional awards 31 March 2014
31 May 2011	90,42	65,87	13 200		13 200
14 November 2011	94,26	84,31	20 000		20 000
28 November 2011	90,86	81,27	20 000		20 000
16 November 2012	126,71	92,88	72 442		72 442
11 March 2013	139,39	102,18	15 000		15 000
29 May 2013	126,85	92,99		99 205	99 205
			140 642	99 205	239 847

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 the May 2011, 2012 and 2013 awards and 48 months (assume contractual plus a leaving percentage of 0%) for the 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 2,6% was used for the May 2013 award (November 2012 and March 2013 awards: 2,6% and 2011 awards: 2,75%).
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.
Weighted average remaining life:	
Expected	29 May 2013 award: 38 months (16 November 2012 award: 32 months; 11 March 2013 award: 35 months; 31 May 2011 award: 14 months; 14 November 2011 award: 19 months and 28 November 2011 award: 20 months).
Contractual	48 months.

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	Fair value Rand	Number of conditional awards at 31 March 2013	Conditional awards granted	Conditional awards settled	Number of conditional awards at 31 March 2014
1 June 2010	100,40	81,18	10 768		10 768	
30 May 2011	93,35	71,30	37 885			37 885
30 May 2012	111,11	87,31	66 008			66 008
29 May 2013	126,85	100,49		63 630		63 630
			114 661	63 630	10 768	167 523

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 2,6% was used for the 2013 award (2012 award: 2,6% and 2011 award: 2,75%).
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.
Weighted average remaining life:	
Expected	2013 award: 26 months (2012 award: 14 months and 2011 award: 2 months).
Contractual	36 months.

The deferred bonus shares were purchased by the participating employees on 31 May 2013 in respect of the 2013 award. (2012 award purchased 30 May 2012 and the 2011 award purchased 30 May 2011).

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Interest of directors of the company in share-based instruments

The Original Share Option Scheme

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

Name of executive director	Expiring ten years from	Option price Rand Apportioned		Fair value Rand Apportioned		Number of options at 31 March 2013		Options exercised	Options lapsed	Number of options at 31 March 2014
		Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Hulamin
M H Munro	14 April 2003	24,37	7,53	8,51	2,63		4 900		4 900	
	1 October 2003	26,35	8,15	8,51	2,63	30 000	30 000	30 000	30 000	
	21 April 2004	35,90	11,10	12,27	3,79	32 000	32 000	32 000		32 000
						62 000	66 900	62 000	34 900	32 000
P H Staude	21 April 2004	35,90	11,10	12,27	3,79		28 000			28 000

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	Fair value Rand	Number of rights at 31 March 2013		Rights granted	Rights lapsed	Number of rights at 31 March 2014	Performace condition and time constrained
				Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Tongaat Hulett
M H Munro	22 April 2006	96,09	18,11		20 472		20 472		
	20 August 2007	88,84	15,97	23 830				23 830	
	25 April 2008	92,74	16,93	25 807				25 807	
	22 May 2009	75,06	12,54	30 857				30 857	
	31 May 2010	97,49	20,00	23 638				23 638	
	31 May 2011	90,42	17,50	28 669				28 669	28 669
	29 May 2012	110,21	21,73	31 873				31 873	31 873
	29 May 2013	126,85	24,30			34 476		34 476	34 476
				164 674	20 472	34 476	20 472	199 150	95 018

EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Share Appreciation Right Scheme 2005 continued

Name of executive director	Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights at 31 March 2013		Rights granted	Rights lapsed	Number of rights at 31 March 2014	Performace condition and time constrained
				Tongaat Hulett	Hulamin	Tongaat Hulett	Hulamin	Tongaat Hulett	Tongaat Hulett
P H Staude	22 April 2006	96,09	18,11		62 082		62 082		
	20 August 2007	88,84	15,97	71 073				71 073	
	25 April 2008	92,74	16,93	75 720				75 720	
	22 May 2009	75,06	12,54	91 120				91 120	
	31 May 2010	97,49	20,00	74 289				74 289	
	31 May 2011	90,42	17,50	87 397				87 397	87 397
	29 May 2012	110,21	21,73	93 530				93 530	93 530
	29 May 2013	126,85	24,30			104 578		104 578	104 578
				493 129	62 082	104 578	62 082	597 707	285 505

Long Term Incentive Plan 2005

Name of executive director	Expiring three years from	Issue price Rand	Fair value Rand	Number of conditional awards at 31 March 2013	Conditional awards granted	Conditional awards settled	Conditional awards lapsed	Number of conditional awards at 31 March 2014	Performace condition and time constrained
M H Munro	31 May 2010	97,49	46,55	9 345		1 402	7 943		
	31 May 2011	90,42	40,54	11 384				11 384	11 384
	29 May 2012	110,21	47,69	12 696				12 696	12 696
	29 May 2013	126,85	49,22		15 709			15 709	15 709
				33 425	15 709	1 402	7 943	39 789	39 789
P H Staude	31 May 2010	97,49	46,55	29 475		4 421	25 054		
	31 May 2011	90,42	40,54	34 829				34 829	34 829
	29 May 2012	110,21	47,69	39 355				39 355	39 355
	29 May 2013	126,85	49,22		47 660			47 660	47 660
				103 659	47 660	4 421	25 054	121 844	121 844

EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

Deferred Bonus Plan 2005

Name of executive director	Expiring three years from	Issue price Rand	Fair value Rand	Number of conditional awards at 31 March 2013	Conditional awards granted	Conditional awards delivered	Number of conditional awards at 31 March 2014	Conditional awards time constrained
M H Munro	1 June 2010	100,40	81,18	979		979		
	30 May 2011	93,35	71,30	3 492			3 492	3 492
	30 May 2012	111,11	87,31	5 493			5 493	5 493
	29 May 2013	126,85	100,49		4 821		4 821	4 821
				9 964	4 821	979	13 806	13 806
P H Staude	1 June 2010	100,40	81,18	3 272		3 272		
	30 May 2011	93,35	71,30	10 856			10 856	10 856
	30 May 2012	111,11	87,31	17 090			17 090	17 090
	29 May 2013	126,85	100,49		14 720		14 720	14 720
				31 218	14 720	3 272	42 666	42 666

The deferred bonus shares were purchased by the participating employees on 31 May 2013 in respect of the 2013 award. (2012 award purchased 30 May 2012 and the 2011 award purchased 30 May 2011).

The share awards were made and exercised at various times and the average share price for the period was R121,32 (2013: R130,03).

The gains made by directors are reflected on page 71 of the Remuneration Report.

FINANCIAL REPORTING

SEGMENTAL ANALYSIS

BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2014							
Sugar			19 601	1 653	18 287	425	477
Zimbabwe	2 896	330					
Swaziland	211	70					
Mozambique	1 704	168					
South Africa	6 224	340					
Sugar operations - total	11 035	908	19 601	1 653	18 287	425	477
Starch operations	3 210	482	1 881	606	1 270	53	92
Land Conversion and Developments	1 471	1 080	2 299	763	1 425	1	1
Centrally accounted and consolidation items		(76)	195	5 803	113	49	1
BEE IFRS 2 charge and transaction costs		(21)		691			
Share of associate company's profit		1					
Consolidated total	15 716	2 374	23 976	9 516	21 095	528	571
2013							
Sugar			17 650	1 744	16 185	907	377
Zimbabwe	3 222	625					
Swaziland	207	76					
Mozambique	1 688	421					
South Africa	5 739	308					
Sugar operations - total	10 856	1 430	17 650	1 744	16 185	907	377
Starch operations	2 859	388	1 674	443	1 231	59	93
Land Conversion and Developments	658	366	1 762	670	1 073		1
Centrally accounted and consolidation items		(9)	215	6 012	149	51	1
BEE IFRS 2 charge and transaction costs		(44)		722			
Consolidated total	14 373	2 131	21 301	9 591	18 638	1 017	472

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	2014	2013
South Africa, Mozambique and Zimbabwe	12 551	11 069
Europe	2 206	2 195
Rest of Africa	725	767
Australasia	134	209
Asia and other	98	83
North America	1	50
South America	1	
	15 716	14 373

The aggregate effect of intra-group transactions is immaterial.
Geographical location of non-current assets: South Africa R4 827 million; Other countries R12 368 million (2013: South Africa R4 416 million; Other countries R11 301 million).

Detailed below is a revenue and cost analysis of the Zimbabwe, Mozambique and South Africa sugar operations which is provided in the respective currency of each country.

Zimbabwe	2014 US Dollar million	2013 US Dollar million
Revenue	286	380
Sugar sales	260	360
Other activities	26	20
Sugar stock movement	35	10
Revenue adjusted for stock movements	321	390
Less Costs		
Payments for third party cane	76	92
Goods/services/transport/marketing, salaries/wages	146	186
Root replant costs	3	12
Offcrop costs carried in	20	16
Depreciation/amortisation	19	19
Profit before cane valuations	57	65
Cane valuations - income statement effect	(24)	9
Operating profit	33	74
Raw sugar production (tons)	488 000	475 000
Sugar sales (tons)	426 000	456 000

Mozambique	2014 Metical million	2013 Metical million
Revenue	5 035	5 644
Sugar sales	4 857	5 452
Other activities	178	192
Less Costs		
Payments for third party cane	318	350
Goods/services/transport/marketing, salaries/wages	2 785	3 052
Root replant costs	167	339
Offcrop costs carried in	466	421
Depreciation/amortisation	495	442
Profit before cane valuations	804	1 040
Cane valuations - income statement effect	(308)	368
Operating profit	496	1 408
Raw sugar production/sales (tons)	249 000	235 000

South Africa Sugar	2014 Rand million	2013 Rand million
Revenue *	5 265	4 467
Sugar sales	4 206	3 554
Other activities	1 059	913
Less Costs		
Payments for third party cane/SASA levies	2 194	1 809
Goods/services/transport/marketing, salaries/wages	2 558	2 325
Root replant costs	44	74
Offcrop costs carried in	182	131
Depreciation/amortisation	125	85
Profit before cane valuations	162	43
Cane valuations - income statement effect	178	265
Operating profit	340	308
Raw sugar production (tons)	634 000	486 000

* Revenue net of industry redistribution/sugar purchases

ANNUAL FINANCIAL STATEMENTS

CONTENTS

FINANCIAL HIGHLIGHTS

	2014	2013 Restated
Revenue (Rmillion)	**15 716**	14 373
Operating profit (Rmillion)	**2 374**	2 131
Operating cash flow (Rmillion)	**2 934**	2 182
Headline earnings (Rmillion)	**1 106**	1 067
Headline earnings per share - basic (cents)	**990,5**	968,0
Annual dividends per share (cents)	**360,0**	340,0

CURRENCY CONVERSION GUIDE

	Closing rate at 31 March		
	2014	2013	2012
Rand/US dollar	**10,56**	9,21	7,67
Rand/Metical	**0,34**	0,30	0,28
Rand/Euro	**14,58**	11,82	10,24
US dollar/Euro	**1,38**	1,28	1,34

	Average rate for year		
	2014	2013	2012
Rand/US dollar	**10,13**	8,48	7,44
Rand/Metical	**0,34**	0,30	0,27
Rand/Euro	**13,59**	10,95	10,24
US dollar/Euro	**1,34**	1,29	1,38

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, 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 and separate financial statements of Tongaat Hulett Limited, set out on pages 71 to 80, page 82 and pages 90 to 127, which comprise the statements of financial position as at 31 March 2014, and the income statements, the statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Tongaat Hulett Limited as at 31 March 2014, 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2014, we have read the Directors' Statutory Report, the Audit and Compliance Committee's Report and the Certificate by Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche

Audit KZN
Registered Auditors
Per W Moodley
Partner

22 May 2014

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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 judgements, the company has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and has 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 2014 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 85.

The annual financial statements were approved by the board of directors on 22 May 2014 and are signed on its behalf by:

J B Magwaza

Chairman

Peter Staude

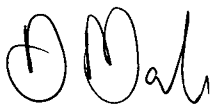
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

22 May 2014

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Companies and Intellectual Property 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 2014 and that all such returns are true, correct and up to date.



M A C Mahlari

Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

22 May 2014

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	June

DIRECTORS' STATUTORY REPORT

The directors have pleasure in submitting the annual financial statements for the year ended 31 March 2014.

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 2014 amounted to R1 155 million (2013: R1 079 million). This translates into a headline earnings per share of 990,5 cents (2013: 968,0 cents) based on the weighted average number of shares in issue during the year.

Dividends
An interim distribution (number 172) was declared by way of the issue of fully paid ordinary shares of R1,00 each as a scrip distribution with a gross cash alternative of 150 cents per share, which was paid on 6 February 2014. A final gross cash dividend number 173 of 210 cents per share has been declared and is payable on 26 June 2014 to shareholders registered at the close of business on 20 June 2014.

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

Last date to trade ordinary shares "CUM" dividend	Thursday	12 June 2014
Ordinary shares trade "EX" dividend	Friday	13 June 2014
Record date	Friday	20 June 2014
Payment date	Thursday	26 June 2014

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Friday 13 June 2014 and Friday 20 June 2014, 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 Thursday 12 June 2014.

The dividend has been declared from income reserves. A net dividend of 178,5 cents per share will apply to shareholders liable for the local 15% dividend withholding tax and 210 cents per share for shareholders exempt from paying the dividend tax. There are no STC credits available for utilisation. The issued ordinary share capital as at 22 May 2014 is 109 967 030 shares. The company's income tax reference number is 9306/101/20/6.

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

In February 2014, 1 167 930 fully paid up ordinary shares were issued to ordinary shareholders by way of scrip distribution.

During the period, 151 400 shares were allotted (62 000 shares were allotted to executive directors) in respect of options exercised in terms of the company's employee share incentive schemes for a total consideration of R5 million. Details of the unissued ordinary shares and the company's share incentive schemes are set out in the Remuneration Report and in notes 11 and 34.

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 MOI;
- 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 22 May 2014;
- 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 22 May 2014. 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 22 May 2014;
- The working capital of the company and the group for a period of 12 months from 22 May 2014 will be adequate for the company's and the group's requirements.

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

The attributable interest of the company in the results of its consolidated subsidiaries and joint operations for the year ended 31 March 2014 is as follows:

	2014	2013
In the aggregate amount:		
Net profit (Rmillion)	1 277	1 079
Net losses (Rmillion)	92	6

Directorate
The composition of the Board, at 31 March 2014, is as follows: J B Magwaza (Chairman), P H Staude (CEO), F Jakoet, J John, R P Kupara, A A Maleiane, T N Mgoduso, N Mjoli-Mncube, M H Munro, S G Pretorius, C B Sibisi. During the period, B G Dunlop retired from the Board as an executive director on 31 August 2013.

Directors retiring by rotation at the AGM in accordance with article 61 of the memorandum of incorporation are Fatima Jakoet, Nhlanhla Mjoli-Mncube and Thandeka Mgoduso. These directors are eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 56 to 57.

In addition to the above, shareholders are advised that J B Magwaza will retire from the Board at the close of business of the annual general meeting having reached the mandatory retirement age in terms of the memorandum of incorporation of the company. The Board appointed Bahle Sibisi as a Non-executive Chairman of the Board with effect from the conclusion of the annual general meeting on 30 July 2014. The Board appointed Jenitha John as Lead Independent Director as required by the JSE Listings Requirements and King III in situations where the Chairman of the Board is not independent, also with effect from 30 July 2014.

Directors' shareholdings
At 31 March 2014, the present directors of the company beneficially held a total of 374 200 ordinary shares equivalent to 0,34 percent in the ordinary listed share capital of the company (2013: 387 042 ordinary shares equivalent to 0,36 percent). Details of the directors' shareholdings and interests in the share incentive schemes are provided on page 72 and pages 78 to 80 of the Remuneration Report. There has been no change in these holdings between 31 March and 22 May 2014.

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. 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 2014 — **Tongaat Hulett Limited**

Company 2013 Restated	Company 2014	Rmillion	Note	Consolidated 2014	Consolidated 2013 Restated
		ASSETS			
		Non-current assets			
2 578	2 644	Property, plant and equipment	1	**11 279**	10 287
1 003	1 288	Growing crops	2	**5 005**	4 583
485	501	Long-term receivable and prepayments	3	**485**	455
		Goodwill	4	**338**	300
77	69	Intangible assets	5	**70**	78
		Investments	6	**18**	14
4 541	4 004	Subsidiaries and joint operations	7		
8 684	8 506			**17 195**	15 717
1 589	1 744	**Current assets**		**6 781**	5 584
556	718	Inventories	8	**2 416**	1 858
795	812	Trade and other receivables		**2 850**	2 301
182	139	Major plant overhaul costs		**432**	508
	16	Derivative instruments	9	**16**	
56	59	Cash and cash equivalents	10	**1 067**	917
10 273	10 250	**TOTAL ASSETS**		**23 976**	21 301
		EQUITY AND LIABILITIES			
		Capital and reserves			
134	135	Share capital	11	**135**	134
1 539	1 543	Share premium		**1 543**	1 539
		BEE held consolidation shares	12	**(700)**	(747)
781	767	Retained income		**7 412**	6 541
393	449	Other reserves		**2 172**	865
2 847	2 894	**Shareholders' interest**		**10 562**	8 332
		Minority interests in subsidiaries		**1 628**	1 373
2 847	2 894	**Equity**		**12 190**	9 705
4 150	4 868	**Non-current liabilities**		**7 612**	6 855
463	508	Deferred tax	13	**2 131**	1 930
3 202	3 852	Long-term borrowings	14	**4 094**	3 481
		Non-recourse equity-settled BEE borrowings	15	**691**	722
485	508	Provisions	16	**696**	722
3 276	2 488	**Current liabilities**		**4 174**	4 741
1 353	1 481	Trade and other payables	17	**2 741**	2 572
1 907	1 006	Short-term borrowings	14	**1 293**	2 078
16	1	Derivative instruments	9	**1**	16
		Tax		**139**	75
10 273	10 250	**TOTAL EQUITY AND LIABILITIES**		**23 976**	21 301

Company 2013 Restated	Company 2014	Rmillion	Note	Consolidated 2014	Consolidated 2013 Restated
7 643	8 393	**REVENUE**		**15 716**	14 373
762	944	**OPERATING PROFIT**	18	**2 374**	2 131
(457)	(545)	Financing costs	20	**(646)**	(596)
6	4	Finance income	20	**37**	36
311	403	**PROFIT BEFORE TAX**		**1 765**	1 571
(46)	(56)	Tax	21	**(538)**	(392)
265	347	**NET PROFIT**		**1 227**	1 179
		Attributable to:			
265	347	Shareholders of Tongaat Hulett		**1 155**	1 079
		Minority (non-controlling) interest		**72**	100
265	347			**1 227**	1 179
		EARNINGS PER SHARE (cents)	23		
		Basic		**1 034,4**	978,9
		Diluted		**1 022,3**	961,0

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2014 **Tongaat Hulett Limited**

Company 2013 Restated	Company 2014	Rmillion	Consolidated 2014	Consolidated 2013 Restated
265	347	**NET PROFIT FOR THE YEAR**	**1 227**	1 179
(41)	(5)	**OTHER COMPREHENSIVE INCOME**	**1 438**	1 112
		Items that will not be reclassified to profit or loss:		
		Foreign currency translation	**1 446**	1 149
(49)	(12)	Actuarial loss	**(17)**	(44)
13	3	Tax on actuarial loss	**5**	12
		Items that may be reclassified subsequently to profit or loss:		
(6)	6	Hedge reserve	**6**	(6)
1	(2)	Tax on movement in hedge reserve	**(2)**	1
224	342	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR**	**2 665**	2 291
		Total comprehensive income attributable to:		
224	342	Shareholders of Tongaat Hulett	**2 397**	1 996
		Minority (non-controlling) interest	**268**	295
224	342		**2 665**	2 291

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2014 **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	Translation Reserve	Hedging Reserve	Retained Income	Shareholders' Interest	Minority (non-controlling) Interest	Total
CONSOLIDATED													
Balance at 31 March 2012 as previously reported	**105**	**10**	**25**	**1 528**	**(799)**	**33**	**393**	**(475)**	**1**	**5 888**	**6 709**	**1 087**	**7 796**
Adoption of IAS 19 (Revised) - refer to note 35										(31)	(31)	1	(30)
Balance at 31 March 2012 restated	**105**	**10**	**25**	**1 528**	**(799)**	**33**	**393**	**(475)**	**1**	**5 857**	**6 678**	**1 088**	**7 766**
Share capital issued				5							5		5
Vesting of ESOP / MSOP shares	4	(10)		6									
Amortisation of BEE IFRS 2 charge					37						37		37
Share-based payment charge							57				57		57
Settlement of share-based payment awards							(94)				(94)		(94)
Reallocation					15					(15)			
Dividends paid										(347)	(347)		(347)
Dividends paid - minorities												(10)	(10)
Total comprehensive income for the year								955	(5)	1 046	1 996	295	2 291
Retained earnings										1 046	1 046	101	1 147
Movement in hedge reserve									(5)		(5)		(5)
Foreign currency translation								955			955	194	1 149
Balance at 31 March 2013 restated	**109**		**25**	**1 539**	**(747)**	**33**	**356**	**480**	**(4)**	**6 541**	**8 332**	**1 373**	**9 705**
Share capital issued	1			4							5		5
Amortisation of BEE IFRS 2 charge					16						16		16
Share-based payment charge							67				67		67
Settlement of share-based payment awards							(15)				(15)		(15)
Reallocation					31					(31)			
Dividends paid										(240)	(240)		(240)
Dividends paid - minorities												(13)	(13)
Total comprehensive income for the year								1 251	4	1 142	2 397	268	2 665
Retained earnings										1 142	1 142	73	1 215
Movement in hedge reserve									4		4		4
Foreign currency translation								1 251			1 251	195	1 446
Balance at 31 March 2014	**110**		**25**	**1 543**	**(700)**	**33**	**408**	**1 731**		**7 412**	**10 562**	**1 628**	**12 190**

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	Translation Reserve	Hedging Reserve	Retained Income	Shareholders' Interest
COMPANY											
Balance at 31 March 2012 as previously reported	**105**	**10**	**25**	**1 528**		**29**	**402**		**1**	**1 062**	**3 162**
Adoption of IAS 19 (Revised) - refer to note 35										(51)	(51)
Balance at 31 March 2012 restated	**105**	**10**	**25**	**1 528**		**29**	**402**		**1**	**1 011**	**3 111**
Share capital issued				5							5
Vesting of ESOP / MSOP shares	4	(10)		6							
Share-based payment charge							57				57
Settlement of share-based payment awards							(91)				(91)
Dividends paid and accrued										(459)	(459)
Total comprehensive income for the year									(5)	229	224
Retained earnings										229	229
Movement in hedge reserve									(5)		(5)
Balance at 31 March 2013 restated	**109**		**25**	**1 539**		**29**	**368**		**(4)**	**781**	**2 847**
Share capital issued	1			4							5
Share-based payment charge							67				67
Settlement of share-based payment awards							(15)				(15)
Dividends paid and accrued										(352)	(352)
Total comprehensive income for the year									4	338	342
Retained earnings										338	338
Movement in hedge reserve									4		4
Balance at 31 March 2014	**110**		**25**	**1 543**		**29**	**420**			**767**	**2 894**

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2014 — Tongaat Hulett Limited

Company 2013 Restated	Company 2014	Rmillion	Consolidated 2014	Consolidated 2013 Restated
		Cash generated from operations		
665	796	Operating profit before dividends	**2 374**	2 131
97	148	Dividends received		
762	944	Operating profit	**2 374**	2 131
(59)	(142)	Profit on disposal of property, plant and equipment	**(75)**	(24)
		Adjustments for:		
(165)	(69)	Growing crops and other non-cash flow items	**64**	(397)
172	206	Depreciation	**571**	472
710	939	Operating cash flow	**2 934**	2 182
		Cash required by operations		
(74)	(188)	Inventories	**(468)**	(264)
(139)	(13)	Trade and other receivables	**(388)**	(292)
243	127	Trade and other payables	**95**	500
30	(74)	Increase in working capital	**(761)**	(56)
740	865	Cash flow from operations	**2 173**	2 126
(10)	(9)	Tax payments	**(452)**	(239)
(451)	(541)	Net financing costs	**(609)**	(560)
279	315	**Cash flow from operating activities**	**1 112**	1 327
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(119)	(45)	New	**(117)**	(447)
(212)	(232)	Replacement	**(429)**	(477)
(51)		Major plant overhaul cost changes	**18**	(93)
(15)	(7)	Expenditure on intangible assets	**(7)**	(15)
(125)	(107)	Capital expenditure on growing crops	**(118)**	(157)
72	147	Proceeds on disposal of property, plant and equipment	**96**	40
	90	Investments - subsidiary		
		Investments - other	**(2)**	(1)
(450)	(154)	Net cash used in investing activities	**(559)**	(1 150)
(171)	161	**Net cash flow before dividends and financing activities**	**553**	177
		Dividends paid		
(459)	(352)	Ordinary and preferred ordinary shares	**(240)**	(347)
		Minorities	**(13)**	(10)
(459)	(352)	Dividends paid	**(253)**	(357)
(630)	(191)	**Net cash flow before financing activities**	**300**	(180)
		Cash flows from financing activities		
720	(252)	Borrowings raised	**(258)**	503
		Non-recourse equity-settled BEE borrowings	**(31)**	(15)
5	5	Shares issued	**5**	5
(88)	(15)	Settlement of share-based payment awards	**(15)**	(94)
12	456	Inter-group loans		
649	194	Net cash from financing activities	**(299)**	399
19	3	**Net increase in cash and cash equivalents**	**1**	219
37	56	Balance at beginning of year	**917**	592
		Foreign exchange adjustment	**149**	106
56	59	**Cash and cash equivalents at end of year**	**1 067**	917

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), Interpretations issued by the IFRS Interpretations Committee, the requirements of the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

Tongaat Hulett has adopted all the new or revised accounting pronouncements as issued by the IASB which were effective for Tongaat Hulett for the current financial year. The adoption of these standards had no recognition and measurement impact on the financial results, other than for the adoption of the revised IAS 19 which requires that post-retirement benefit accounting actuarial gains and losses be recognised immediately in other comprehensive income and no longer be amortised through profit or loss. The effect of the compulsory adoption of the revised IAS 19, which required the restatement of comparative figures, is provided in note 35.

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 operations 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 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 are 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, as follows: software over four years, patents and licenses over four to twenty years and cane supply agreements over three to ten years. An intangible asset with an indefinite useful life is not amortised, but is tested annually for impairment. When an intangible asset is disposed of, the gain or loss on disposal is recognised in profit or loss.

GROWING CROPS

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

- Roots at current replacement cost of planting and establishment 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 operations, 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.

ACCOUNTING POLICIES AND FRAMEWORK CONTINUED

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.

A deferred tax asset is raised in respect of the unused tax losses of an entity and offset against the deferred tax liability of that entity only where these losses may be utilised in the short term or will not expire in terms of applicable tax legislation.

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 recognised 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 from 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 year; and
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised in other comprehensive income.

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 other comprehensive income until the financial asset is disposed of, or determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income 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 year.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss for the year. For cash flow hedges affecting future transactions, the gains or losses, which are recognised in other comprehensive income, 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 other comprehensive income 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 contribution schemes are held separately from those of Tongaat Hulett and are administered and controlled by trustees.

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

There was previously a defined benefit arrangement which was converted in the prior financial year to a defined contribution arrangement with the outsourcing of existing pensioner liabilities to an insurer. The Tongaat Hulett employer surplus account recognised in Tongaat Hulett's financial statements relates to the allocations previously made in the defined benefit fund. 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.

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. Service costs and the net interest expense or income is recognised in profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income and will not be reclassified to profit or loss.

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. Thereafter 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 R112 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 R691 million in aggregate at 31 March 2014 (2013: R722 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 ultimately effectively be equity-settled. At the end of the seven year period, the preferred ordinary shares will convert into Tongaat Hulett listed ordinary shares.

Vesting of the BEE 7% employee interest
The 7% BEE employee transaction of 2007, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP) vested in the trusts in August 2012.

The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted 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 had specific repurchase terms at maturity on 1 August 2012. They were a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares and became ordinary shares on maturity.

The IFRS 2 cost 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. These initial awards vested on 1 August 2012.

The BEE employee equity participation trusts' subscription consideration for the original issue in 2007 of 9 740 908 B ordinary shares was funded through contributions by the respective operating entities in Tongaat Hulett. The notional vendor finance provided to the employees was recovered at the maturity of the scheme through the repurchase by Tongaat Hulett of 6 383 283 B ordinary shares (as determined in accordance with predetermined repurchase formulae) on the fifth anniversary of the effective date, at R0,01 per B share. These B ordinary shares were repurchased by Tongaat Hulett for a consideration of R63 833 and immediately cancelled. The remaining 3 357 625 B ordinary shares were converted to listed ordinary shares in Tongaat Hulett Limited. Of these listed ordinary shares, 1 880 431 shares were delivered to beneficiaries who had participated in the initial award on 1 August 2007. Of the MSOP participants whose shares vested, 70% elected to hold their shares in Tongaat Hulett. During the year ended 31 March 2014, a further 237 936 ordinary shares became available for delivery to employees who were awarded shares on 1 August 2008 and 1 February 2009. The remaining 1 080 938 listed ordinary shares are still time constrained for up to five years.

In accordance with IFRS, the ESOP Trust and MSOP Trust are consolidated by Tongaat Hulett and consequently the remaining 1 080 938 listed ordinary shares are reflected as treasury shares in the consolidated financial statements. These shares are taken into account for the purposes of the earnings per share and headline earnings per share calculations.

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.

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

Effective for the next financial year:
Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
Investment Entities: Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosure of Interests and IAS 27: Separate Financial Statements
IAS 39 (Amendment): Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting
IAS 36 (Amendment): Impairment of Asset - Recoverable Amount Disclosures for Non-Financial Assets
IFRIC 21: Levies

Effective for annual periods beginning on or after 1 July 2014:
IAS 19: Defined Benefit Plans: Employee Contributions

Annual Improvements to IFRSs (2010 - 2012 Cycle):
IFRS 2: Share-based Payment
IFRS 3: Business Combinations
IFRS 8: Operating Segments
IFRS 13: Fair Value Measurement
IAS 16: Property, Plant and Equipment
IAS 24: Related Party Disclosures
IAS 38: Intangible Assets

Annual Improvements to IFRSs (2011 - 2013 Cycle):
IFRS 1: First-time Adoption of IFRS
IFRS 3: Business Combinations
IFRS 13: Fair Value Measurement
IAS 40: Investment Property

Effective for annual periods beginning on or after 1 January 2016:
IFRS 14: Regulatory Deferral Accounts

Effective for annual periods beginning on or after 1 January 2017:
IFRS 15: Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2018:
IFRS 9: Financial Instruments

NOTES TO THE FINANCIAL STATEMENTS

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	10 287	2 798	4 706	2 305	67	411
Additions	546	46	240	129	2	129
Disposals	(21)	(6)	(1)	(14)		
Depreciation	(571)	(80)	(321)	(166)	(4)	
Transfers		117	94	(29)		(182)
Currency alignment	1 038	330	400	279	8	21
Carrying value at end of year	11 279	3 205	5 118	2 504	73	379
Comprising:						
31 March 2014						
At cost	15 686	3 821	7 866	3 511	109	379
Accumulated depreciation	4 407	616	2 748	1 007	36	
	11 279	3 205	5 118	2 504	73	379
31 March 2013						
At cost	13 952	3 281	7 061	3 101	98	411
Accumulated depreciation	3 665	483	2 355	796	31	
	10 287	2 798	4 706	2 305	67	411

Company	Total	Land, improvements and buildings	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Carrying value at beginning of year	2 578	477	1 659	191	2	249
Additions	277	5	176	6	2	88
Disposals	(5)	(4)	(1)			
Depreciation	(206)	(7)	(168)	(29)	(2)	
Transfers		1	58	4		(63)
Carrying value at end of year	2 644	472	1 724	172	2	274
Comprising:						
31 March 2014						
At cost	4 986	581	3 686	438	7	274
Accumulated depreciation	2 342	109	1 962	266	5	
	2 644	472	1 724	172	2	274
31 March 2013						
At cost	4 729	581	3 456	437	6	249
Accumulated depreciation	2 151	104	1 797	246	4	
	2 578	477	1 659	191	2	249

Plant and machinery of Mozambique subsidiaries with a book value of R495 million (2013: R748 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R101 million (2013: R92 million).

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

2. GROWING CROPS (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Carrying value at beginning of year	**4 583**	3 575	1 003	613
(Loss)/gain arising from physical growth and price changes	**(276)**	418	54	164
Increase due to increased area under cane	**131**	107	131	107
Expenditure on new area	**118**	157	107	125
Decrease due to reduced area under cane	**(8)**	(57)	(7)	(6)
Currency alignment	**457**	383		
Carrying value at end of year	**5 005**	4 583	1 288	1 003
The carrying value comprises:				
Roots	**2 532**	2 289	910	705
Standing cane	**2 473**	2 294	378	298
	5 005	4 583	1 288	1 003
Area under cane (hectares):				
South Africa	**35 035**	34 011	35 035	34 011
Mozambique	**25 687**	25 352		
Swaziland	**3 838**	3 838		
Zimbabwe	**27 557**	27 978		
	92 117	91 179	35 035	34 011

In terms of IAS 41: Agriculture, sugarcane 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 or 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:

	2014					2013
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
Roots						
Hectares	35 035	3 838	27 557	25 687	92 117	91 179
Amortised root value (Rand per hectare)	25 964	15 278	23 136	36 045	27 484	25 108
Cane						
Hectares for harvest	29 206	3 741	27 153	24 958	85 058	82 969
Standing cane value (Rand per hectare)	12 942	33 463	40 099	35 321	29 080	27 644
Yield (Tons cane per hectare)	66	125	102	89	87	86
Average maturity of cane at 31 March (%)	71	66	67	69	69	67
Statement of Financial Position (Rmillion)						
Roots	910	59	638	925	2 532	2 289
Standing cane	378	125	1 088	882	2 473	2 294
Total	1 288	184	1 726	1 807	5 005	4 583

2. GROWING CROPS (Rmillion) continued

	2014	2013
Carrying value at beginning of year	**4 583**	3 575
Change in fair value *	**(153)**	468
Currency alignment	**457**	383
Expenditure on new area	**118**	157
Carrying value at end of year	**5 005**	4 583

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2014 is set out below and the fair value measurement disclosures are included in note 25.

	2014	2013
Roots	**(78)**	303
Standing cane	**(75)**	165
Change in fair value *	**(153)**	468

	2014	2013
South Africa	**178**	265
Swaziland	**14**	15
Zimbabwe	**(241)**	78
Mozambique	**(104)**	110
Change in fair value *	**(153)**	468

* 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 PREPAYMENTS (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Long-term receivable				
Employer surplus account	**552**	515	552	515
Less current portion	**(67)**	(60)	(67)	(60)
Carrying value at end of year	**485**	455	485	455
Prepayments				
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	**(209)**	(193)	(194)	(180)
At beginning of year	**(193)**	(156)	(180)	(145)
Charge for the year	**(16)**	(37)	(14)	(35)
Less BEE share ownership plan consolidation shares	**(18)**	(34)		
			16	30
Carrying value at end of year	**485**	455	501	485

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

4. GOODWILL (Rmillion)

	Consolidated	
	2014	2013
Carrying value at beginning of year	**300**	260
Currency exchange rate changes	**38**	40
Carrying value at end of year	**338**	300

Goodwill is attributable to the Mozambique and Zimbabwe sugar operations and a Botswana and a Namibian subsidiary. Goodwill is tested annually for impairment. The recoverable amount of goodwill was determined from the "value in use" discounted cash flow model. The value in use cash flow projections, which cover a period of five 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 2014, the carrying value of goodwill was considered not to require impairment.

5. INTANGIBLE ASSETS (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Cost:				
At beginning of year	**111**	89	105	83
Additions	**7**	15	7	15
Transfer from property, plant and equipment		7		7
At end of year	**118**	111	112	105
Accumulated amortisation:				
At beginning of year	**33**	24	28	19
Charge for the year	**15**	9	15	9
At end of year	**48**	33	43	28
Carrying value at end of year	**70**	78	69	77
The carrying value comprises:				
Software	**53**	59	53	59
Patents and licences	**16**	17	15	16
Cane supply agreements	**1**	2	1	2
	70	78	69	77

6. INVESTMENTS (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Unlisted shares at cost	**17**	13		
Loans	**1**	1		
Carrying value of investments (Directors' valuation)	**18**	14		

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

7. SUBSIDIARIES AND JOINT OPERATIONS (Rmillion)

	Company	
	2014	2013
Shares at cost, less amounts written off	**4 307**	4 397
Indebtedness by	**631**	809
Indebtedness to	**(934)**	(665)
	4 004	4 541

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

Tongaat Hulett's proportionate share of the assets, liabilities and post-acquisition reserves of joint operations, 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	
	2014	2013
Property, plant and equipment	**6**	6
Current assets	**199**	208
Less Current liabilities	**(56)**	(47)
Interest in joint operations	**149**	167
Tongaat Hulett's proportionate share of the trading results of the joint operations is as follows:		
Revenue	**17**	4
Operating profit/(loss)	**1**	(2)
Financing costs	**(1)**	
Profit/(loss) before tax		(2)
Tax		1
Net profit/(loss) after tax		(1)
Tongaat Hulett's proportionate share of cash flows of the joint operations is as follows:		
Cash flows from operating activities	**16**	1
Net cash used in investing activities	**(18)**	(6)
Movement in net cash resources	**(2)**	(5)

8. INVENTORIES (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Raw materials	**408**	389	401	269
Work in progress	**21**	17	20	16
Finished goods	**747**	217	154	135
Consumables	**585**	637	143	136
Development properties	**546**	493		
Livestock and game	**109**	105		
	2 416	1 858	718	556

Included in raw materials is an amount of R321 million (2013: R209 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. **DERIVATIVE INSTRUMENTS** (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	**(1)**	(6)	(1)	(6)
Futures contracts - hedge accounted	**16**	(10)	16	(10)
	15	(16)	15	(16)
Summarised as:				
Derivative assets	**(1)**		(1)	
Derivative liabilities	**16**	(16)	16	(16)
	15	(16)	15	(16)

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	
	2014	2013	2014	2013
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
10 redeemable preference shares of R1,00 each				
	180	180	180	180
Issued and fully paid:				
109 967 030 (2013: 108 647 700) ordinary shares of R1,00 each	**110**	109	110	109
25 104 976 A preferred ordinary shares of R1,00 each	**25**	25	25	25
	135	134	135	134

Under control of the directors:
- for the purposes of the employee share option schemes in accordance with previous shareholder authority: 10 934 183 shares (2013: 10 604 926 shares).
- in terms of a shareholders' resolution: 5 432 385 shares (2013: 5 257 159 shares).

Details of the employee share incentive schemes are set out in the Remuneration Report. Following the unbundling of Hulamin in 2007, the options granted to employees in terms of the original employee share option scheme 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 the Remuneration Report. At 31 March 2014 employees have an option to subscribe for 16 200 shares at a price of R35,90 per share (2013: 191 900 shares at an average price of R33,86 per share) in respect of the Tongaat Hulett component and the equivalent of approximately 46 000 shares in respect of the Hulamin component (2013: 68 000 shares).

The original share option scheme was 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	
	2014	2013
25 104 976 A preferred ordinary shares of R1,00 each	**839**	839
1 080 938 (2013: 1 313 393) ordinary shares of R1,00 each	**18**	34
	857	873
Less amount attributable to A preferred ordinary shareholders	**(157)**	(126)
	700	747

13. DEFERRED TAX (Rmillion)

	Consolidated		Company	
	2014	2013 Restated	2014	2013 Restated
Balance at beginning of year	**1 930**	1 651	463	441
Currency alignment	**179**	194		
Current year Other Comprehensive Income (relief) / charge on:				
Actuarial loss	**(5)**	(12)	(3)	(13)
Hedge reserve	**2**	(1)	2	(1)
Current year Income Statement charge / (relief) on:				
Earnings before capital profits	**16**	91	33	33
Capital profits	**13**	3	13	3
Rate change adjustment	**(4)**	5		
Prior year		(1)		
Balance at end of year	**2 131**	1 930	508	463
Comprising temporary differences relative to :				
Property, plant and equipment	**1 477**	1 345	527	517
Growing crops	**925**	842	361	281
Long-term receivable	**154**	144	154	144
Current assets	**162**	151	9	8
Current liabilities	**(104)**	(124)	(40)	(38)
Tax losses	**(370)**	(279)	(264)	(260)
Other	**(113)**	(149)	(239)	(189)
	2 131	1 930	508	463

14. **BORROWINGS** (Rmillion)

	Effective interest rate	Consolidated 2014	Consolidated 2013	Company 2014	Company 2013
Long-term		**4 094**	3 481	3 852	3 202
Short-term and bank overdraft		**1 293**	2 078	1 006	1 907
		5 387	5 559	4 858	5 109
Long-term borrowings comprise:					
Secured:					
SA Rand					
Repayable 2020/21	9,00%	**274**	308		
Finance leases (refer to note 28)	7,50%	**3**	3	3	3
		277	311	3	3
Unsecured:					
SA Rand					
Bond repayable 2018/19	3 month JIBAR + 2,60%	**350**	350	350	350
Bond repayable 2016/17	3 month JIBAR + 2,43%	**400**	400	400	400
Bond repayable 2018/19	3 month JIBAR + 2,40%	**170**		170	
Repayable 2017/18	3 month JIBAR + 2,33%	**500**	500	500	500
Repayable 2017/18	3 month JIBAR + 2,70%	**180**		180	
Repayable 2016/17	3 month JIBAR + 2,17%	**250**	250	250	250
Repayable 2015/16	3 month JIBAR + 1,35%	**600**	668	600	668
Repayable 2015/16	3 month JIBAR + 2,20%	**600**	600	600	600
Repayable 2015/16	3 month JIBAR + 2,50%	**500**	500	500	500
Repayable 2015/16	3 month JIBAR + 2,10%	**300**		300	
Foreign					
Indefinite	nil	**4**	5		
		3 854	3 273	3 850	3 268
Long-term borrowings		**4 131**	3 584	3 853	3 271
Less current portion included in short-term borrowings		**37**	103	1	69
		4 094	3 481	3 852	3 202

Plant and machinery of Mozambique subsidiaries with a book value of R495 million (2013: R748 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R101 million (2013: R92 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 R39 million (2013: R43 million) and in Zimbabwe equivalent to R203 million (2013: R79 million).

Summary of future loan repayments by financial year:

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Thereafter
Rmillion	37	2 041	694	728	573	54	4

In terms of the company's memorandum of incorporation the borrowing powers exercisable by the directors is limited to R18 285 million.

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

	Effective interest rate	Consolidated 2014	2013
The non-recourse equity-settled BEE borrowings comprise:			
4 122 000 Class A redeemable preference shares	9,335% nacs	**24**	98
4 122 000 Class B redeemable preference shares	11,960% nacs	**649**	605
Accrued dividends		**19**	20
		692	723
Less BEE cash resources		**1**	1
		691	722

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 share structure runs until mid-2014 and has a fixed coupon payable semi-annually on 2 January and 1 July each year. The debt due will be settled by the SPVs utilising dividends received from Tongaat Hulett and ultimately by the shares that they hold in Tongaat Hulett. These SPVs will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

16. PROVISIONS (Rmillion)

	Consolidated		Company	
	2014	2013 Restated	2014	2013 Restated
Post-retirement medical aid obligations	**487**	448	396	383
Retirement gratuity obligations	**176**	152	112	102
Other	**33**	122		
	696	722	508	485

Further details on provisions are set out in note 31.

17. TRADE AND OTHER PAYABLES (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Accounts payable	**2 407**	2 356	1 147	1 137
Maize obligation - interest bearing	**334**	216	334	216
	2 741	2 572	1 481	1 353

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

18. OPERATING PROFIT (Rmillion)

	Consolidated 2014	Consolidated 2013 Restated	Company 2014	Company 2013 Restated
Revenue	**15 716**	14 373	8 393	7 643
Cost of sales - cane and maize purchases	**(4 423)**	(3 700)	(3 545)	(2 831)
Cost of sales - other (goods, services, salaries and wages)	**(7 085)**	(7 511)	(3 558)	(3 940)
Administration and other expenses	**(1 678)**	(1 505)	(718)	(510)
Marketing and selling expenses	**(334)**	(287)	(247)	(201)
Other net income (including growing crops fair value change *)	**133**	790	504	589
Capital profits (refer to note 19)	**66**	15	135	53
BEE IFRS 2 charge and transaction costs	**(21)**	(44)	(20)	(41)
Operating profit	**2 374**	2 131	944	762
Disclosable items included in operating profit:				
Income from subsidiaries:				
Dividends received			148	97
Management fees			91	78
Amortisation of intangible assets	**15**	9	15	9
Auditors' remuneration:				
Fees	**14**	13	6	5
Other services	**2**	1	1	1
Depreciation charged:				
Buildings	**80**	59	7	7
Plant and equipment	**321**	272	168	139
Vehicles and other	**170**	141	31	26
Growing crops: (loss)/gain from change in fair value *	**(153)**	468	178	265
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	**4**	4		
Operating lease charges (property, plant and vehicles)	**71**	48	65	43
Profit on disposal of plant and equipment	**1**			1
Technical fees paid	**13**	13	13	13
Translation of foreign currencies	**37**	10	1	(2)
Share-based payments:				
IFRS 2 charge on share options, SARS, LTIP and DBP	**67**	57	57	47
BEE IFRS 2 charge	**16**	37	15	35
Valuation adjustments:				
Financial instruments	**1**	9	1	9
Fair value hedges:				
Net gains/(losses) on the hedged item	**47**	(7)	47	(7)
Net gains/(losses) on the hedging instrument	**(47)**	7	(47)	7

* 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	
	2014	2013 Restated	2014	2013 Restated
Comprises:				
Surplus on sale of land and buildings	**74**	21	142	58
Costs thereon	**(8)**	(5)	(7)	(5)
Other surpluses		(1)		
Capital profits before tax	**66**	15	135	53
Tax (refer to note 21)	**(18)**	(3)	(13)	(3)
Capital profits after tax	**48**	12	122	50

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

	Consolidated		Company	
	2014	2013	2014	2013
Net financing costs comprise:				
Interest paid - external	**(646)**	(596)	(469)	(416)
Interest paid - subsidiaries			(76)	(41)
Financing costs	**(646)**	(596)	(545)	(457)
Interest received - external	**37**	36	3	4
Interest received - subsidiaries			1	2
Finance income	**37**	36	4	6
Net financing costs	**(609)**	(560)	(541)	(451)

21. TAX (Rmillion)

	Consolidated		Company	
	2014	2013 Restated	2014	2013 Restated
Earnings before capital profits:				
Current	**507**	294	10	10
Deferred	**16**	91	33	33
Rate change adjustment (deferred)	**(4)**	5		
Prior years	**1**	(1)		
	520	389	43	43
Capital profits:				
Current	**5**			
Deferred	**13**	3	13	3
	18	3	13	3
Tax charge for the year	**538**	392	56	46
Foreign tax included above	**183**	250	10	10

21. **TAX** (Rmillion) continued

	Consolidated		Company	
	2014	2013 Restated	2014	2013 Restated
Tax charge at normal rate of South African tax	**494**	439	113	87
Adjusted for:				
Non-taxable income and permanent allowances/deductions	**(14)**	(63)	(77)	(50)
Assessed losses of foreign subsidiaries	**(7)**	1		
Non-allowable expenditure	**29**	29	2	1
Foreign tax rate variations	**11**	(30)		
Foreign withholding tax	**10**	9	5	5
Rate change adjustment (deferred)	**(4)**	5		
Capital gains	**18**	3	13	3
Prior years	**1**	(1)		
Tax charge	**538**	392	56	46
Normal rate of South African tax	**28,0%**	28,0%	28,0%	28,0%
Adjusted for:				
Non-taxable income and permanent allowances/deductions	**(0,8)**	(4,0)	(19,1)	(17,0)
Assessed losses of foreign subsidiaries	**(0,4)**	0,1		
Non-allowable expenditure	**1,6**	1,9	0,5	0,3
Foreign tax rate variations	**0,6**	(1,9)		
Foreign withholding tax	**0,6**	0,5	1,2	1,7
Rate change adjustment (deferred)	**(0,2)**	0,3		
Capital gains	**1,0**	0,2	3,2	1,0
Prior years	**0,1**	(0,1)		
Effective rate of tax	**30,5%**	25,0%	13,8%	14,0%

22. **HEADLINE EARNINGS** (Rmillion)

	Consolidated	
	2014	2013 Restated
Profit attributable to shareholders	**1 155**	1 079
Less after tax effect of:	**(49)**	(12)
Capital profit on disposal of land and buildings	**(66)**	(16)
Capital loss on other items		1
Profit on disposal of plant and equipment	**(1)**	
	(67)	(15)
Tax charge on profit on sale of land	**18**	3
Headline earnings	**1 106**	1 067
Headline earnings per share (cents)		
Basic	**990,5**	968,0
Diluted	**978,9**	950,3

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 111 655 446 (2013: 110 225 436). In respect of diluted earnings per share the weighted average number of shares is 112 979 644 (2013: 112 274 481) and includes 941 010 shares (2013: 2 049 045 shares) that relate to employee share award schemes and 383 188 shares (2013: nil) that relate to BEE schemes.

24. DIVIDENDS (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Ordinary share capital				
Final for previous year, paid 18 July 2013: 190 cents (2013: 170 cents)	**206**	179	206	179
Interim for current period, paid 6 February 2014: 150 cents (2013: 150 cents)	**34**	163	34	163
A preferred ordinary share capital				
Interim for current period, paid 30 June 2013: 223 cents (30 June 2012: 223 cents)	**56**	56	56	56
Final for current period, paid 31 December 2013: 223 cents (31 December 2012: 223 cents)	**56**	56	56	56
Accrued for three months to 31 March 2014: 223 cents (31 March 2013: 223 cents)	**28**	28	28	28
B ordinary share capital: final for 2012, paid 19 July 2012: 170 cents		16		16
	380	498	380	498
Less dividends relating to BEE treasury shares	**(140)**	(151)		(11)
	240	347	380	487

The final ordinary dividend for the year ended 31 March 2014 of 210 cents per share declared on 22 May 2014 and payable on 26 June 2014 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	
	2014	2013	2014	2013
Financial assets				
Derivative instruments in designated hedge accounting relationships	**16**		16	
Unlisted shares at cost	**18**	14		
Loans and receivables at amortised cost	**4 402**	3 672	1 356	1 305
	4 436	3 686	1 372	1 305
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	**1**	16	1	16
Financial liabilities at amortised cost	**8 124**	8 077	6 268	6 393
Non-recourse equity-settled BEE borrowings	**691**	722		
	8 816	8 815	6 269	6 409

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 (FECs) 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	
	2014	2013	2014	2013
Less than 1 month	**41**	41	32	26
Between 1 to 2 months	**12**	15	4	7
Between 2 to 3 months	**9**	11	2	1
Greater than 3 months	**240**	224	15	9
Total past due	**302**	291	53	43
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	**20**	20	2	5
Currency alignment	**2**	2		
Amounts written off during the year		(1)		(1)
Decrease in allowance recognised in profit or loss	**(1)**	(1)	(1)	(2)
Balance at end of year	**21**	20	1	2

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 values 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			
	Average contract rate	Commitment (Rmillion)	**2014 Fair value of FEC (Rmillion)**	2013 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	2014 Fair value of FEC (Rmillion)	2013 Fair value of FEC (Rmillion)
Imports								
US dollar	11,07	3			11,07	3		
Exports								
US dollar	10,80	264	**(1)**	(6)	10,80	264	**(1)**	(6)
Net total		267	**(1)**	(6)		267	**(1)**	(6)

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				Company			
			2014	2013			2014	2013
	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	10,95	7			10,95	7		
UK pound	17,68	2			17,68	2		
Total		9				9		

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

Tongaat Hulett has the following uncovered foreign receivables:

	Consolidated			Company		
	Foreign amount (million)	**2014 (Rmillion)**	2013 (Rmillion)	Foreign amount (million)	2014 (Rmillion)	2013 (Rmillion)
US dollar	6	**63**	45	6	63	42
Australian dollar	5	**47**	53	5	47	53
New Zealand dollar		**2**	2			
		112	100		110	95

The impact of a 10% strengthening or weakening of the Rand on the uncovered Australian dollar receivable will have a R5 million (2013: R5 million) impact on profit before tax and a R3 million (2013: R4 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered US dollar receivable will have a R6 million (2013: R5 million) impact on profit before tax and a R5 million (2013: R4 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 2014 and a significant portion of its requirements for the period to 31 May 2015 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				Company			
			2014	2013			2014	2013
	Tons	Contract value (Rmillion)	**Fair value (Rmillion)**	Fair value (Rmillion)	Tons	Contract value (Rmillion)	Fair value (Rmillion)	Fair value (Rmillion)
Futures - hedge accounted:								
Maize futures sold	300	1	**19**	(15)	300	1	19	(15)
Maize futures purchased	77 200	168	**(3)**	5	77 200	168	(3)	5
			16	(10)			16	(10)
Period when cash flow is expected to occur			**2014/15**	2013/14			2014/15	2013/14
When expected to affect profit or loss			**2014/15**	2013/14			2014/15	2013/14
Loss recognised in equity during the year				(4)				(4)
Loss/(gain) transferred from equity and recognised in profit or loss			**4**	(1)			4	(1)

25. FINANCIAL RISK MANAGEMENT (Rmillion) continued

Growing crops fair value measurement

Growing crops, comprising roots and standing cane, are measured at fair value which is determined using unobservable inputs and is categorised as level 3 under the fair value hierarchy. 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, an estimate of the yield of the standing cane, sucrose content, selling prices, less costs to harvest and transport, over-the-weighbridge costs and costs into the market. Changes in the fair value are included in profit or loss, with a charge of R153 million (2013: benefit of R468 million) being recognised in profit or loss in the current year. A reconciliation of the change in fair value for the year is included in note 2.

The effect of an increase in yield or in selling prices will result in an increase in the fair value of the standing cane. The key unobservable inputs, used in determining fair value and which are not interrelated, are yield of the standing cane of 87 tons per hectare (2013: 86 tons per hectare), and selling prices. For commercial reasons, selling prices cannot be disclosed. A change in yield of one ton per hectare would result in a R26 million (2013: R24 million) change in fair value while a change of one percent in selling prices would result in a R24 million (2013: R22 million) change in fair value.

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 R23 million (2013: R29 million) effect on profit before tax and a R17 million (2013: R21 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 R2,84 billion (2013: R1,75 billion). Tongaat Hulett continues to meet the covenants associated with its long-term unsecured South African debt facilities.

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
2014							
Bank loans	7,3%	1 346	2 228	2 075		(810)	4 839
Foreign loans	10,2%	330	61	61	183	(107)	528
Other borrowings	7,0%	359				(12)	347
Financial lease liability	7,3%	2	1	1		(1)	3
Other non-interest bearing liabilities		2 403			4		2 407
Net settled derivatives		1					1
Total for Tongaat Hulett		4 441	2 290	2 137	187	(930)	8 125
Non-recourse equity-settled BEE borrowings		947				(256)	691
Total including SPV debt		5 388	2 290	2 137	187	(1 186)	8 816
2013							
Bank loans	6,9%	2 244	1 348	2 211	489	(891)	5 401
Foreign loans	10,0%	138				(7)	131
Other borrowings	6,3%	242				(7)	235
Financial lease liability	7,0%	1	1	1			3
Other non-interest bearing liabilities		2 302			5		2 307
Net settled derivatives		16					16
Total for Tongaat Hulett		4 943	1 349	2 212	494	(905)	8 093
Non-recourse equity-settled BEE borrowings		82	856			(216)	722
Total including SPV debt		5 025	2 205	2 212	494	(1 121)	8 815

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT OPERATIONS (Rmillion)

Name of subsidiary	Principal activity	Interest of holding company: Equity 2014	Equity 2013	Indebtedness 2014	Indebtedness 2013
Tongaat Hulett Starch (Pty) Limited	Wet maize milling starch & glucose manufacturing operation	**15**	15	**37**	51
Tongaat Hulett Developments (Pty) Limited	Land & property development activities			**(857)**	(578)
Tongaat Hulett Estates (Pty) Limited	Estate agency				
Tongaat Hulett Sugar Limited	Raw sugar refining, packaging and production of liquid & dry speciality sugars	**4 238**	4 328	**576**	730
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)					
Triangle Limited (Zimbabwe)					
Hippo Valley Estates Limited (Zimbabwe) (50,3%)					
The Tongaat Group Limited		**54**	54	**(59)**	(59)
		4 307	4 397	**(303)**	144

Except where otherwise indicated, effective participation is 100 percent.

A full list of all subsidiaries and joint operations is available from the company secretary on request.

Non-wholly owned subsidary with material non-controlling interests: Hippo Valley Estates Limited (Zimbabwe)

Hippo Valley Estates Limited is listed on the Zimbabwe Stock Exchange. It is engaged in the growing and milling of sugarcane and other farming operations.

Summarised financial information	Consolidated 2014	Consolidated 2013 Restated
Non-current assets	**2 920**	2 623
Current assets	**1 079**	685
Non-current liabilities	**(1 522)**	(1 183)
Current liabilities	**(182)**	(205)
Equity attributable to Tongaat Hulett	**(1 141)**	(958)
Non-controlling interests	**1 154**	962
Revenue	**1 380**	1 478
Profit attributable to Tongaat Hulett	**41**	54
Profit attributable to non-controlling interests	**40**	52
Profit for the year	**81**	106

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT OPERATIONS (Rmillion) continued

Summarised financial information continued	Consolidated **2014**	2013 Restated
Other comprehensive income attributable to Tongaat Hulett	**143**	157
Other comprehensive income attributable to non-controlling interests	**141**	155
Other comprehensive income for the year	**284**	312
Total comprehensive income attributable to Tongaat Hulett	**184**	211
Total comprehensive income attributable to non-controlling interests	**181**	207
Total comprehensive income for the year	**365**	418
Net cash inflow from operating activities	**300**	369
Net cash outflow from investing activities	**(313)**	(475)
Net cash inflow from financing activities	**279**	125
Net cash inflow for the year	**266**	19

27. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Guarantees in respect of obligations of Tongaat Hulett and third parties	**113**	38	6	7
Contingent liabilities	**3**			
	116	38	6	7

28. LEASES (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**2**	1	2	1
Later than one year and not later than five years	**2**	2	2	2
	4	3	4	3
Less future finance charges	**(1)**		(1)	
Present value of lease obligations	**3**	3	3	3
Payable:				
Not later than one year	**1**	1	1	1
Later than one year and not later than five years	**2**	2	2	2
	3	3	3	3
Operating lease commitments, amounts due:				
Not later than one year	**65**	41	61	38
Later than one year and not later than five years	**63**	58	56	52
Later than five years		5		4
	128	104	117	94
In respect of:				
Property	**84**	86	75	78
Plant and machinery	**6**	4	5	4
Other	**38**	14	37	12
	128	104	117	94

29. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Consolidated		Company	
	2014	2013	2014	2013
Contracted	**74**	175	22	60
Approved but not contracted	**152**	312	124	202
	226	487	146	262

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

30. RELATED PARTY TRANSACTIONS (Rmillion)

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

	Consolidated		Company	
	2014	2013	2014	2013
Goods and services:				
Transacted between operating entities within the company			1	1
Between the company and its subsidiaries			761	706
Transacted between subsidiaries within Tongaat Hulett	**193**	260		
Tongaat-Hulett Pension Fund contribution cost		56		53
Administration fees and other income:				
Transacted between operating entities within the company			6	5
Between the company and its subsidiaries			513	82
Transacted between subsidiaries within Tongaat Hulett	**108**	119		
Transacted with/between joint operations within Tongaat Hulett	**5**	8		
Paid to external related parties	**5**	4		
Interest received /paid:				
Transacted between operating entities within the company			474	449
Paid by the company to its subsidiaries			76	41
Received by the company from its subsidiaries			1	2
Transacted between subsidiaries within Tongaat Hulett	**95**	57		
Transacted with/between joint operations within Tongaat Hulett	**5**	5		
Sales of fixed assets:				
Between the company and its subsidiaries			107	55
Transacted between subsidiaries within Tongaat Hulett	**52**			
Loan balances:				
Between operating entities within the company			5 816	6 054
Between the company and its subsidiaries			303	144
Pension Fund loan - employer surplus account	**73**	69	73	69
Dividends received:				
Between the company and its subsidiaries			148	97
Transacted between subsidiaries within Tongaat Hulett	**140**	90		

Other related party information:

Total dividends paid - refer to note 24

Directors - refer to pages 71 to 72 and pages 78 to 80 of the Remuneration Report

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

31. RETIREMENT BENEFITS

Pension and Provident Fund Schemes

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

Defined Contribution Pension and Provident Schemes

The latest audited financial statements of the defined contribution schemes including the scheme in Swaziland reflect a satisfactory state of affairs. Contributions of R94 million were expensed during the year (2013: R55 million).

Zimbabwe Pension Funds

The post-retirement benefit provisions for the Zimbabwe operations at 31 March 2014 amount to R186 million (2013: R269 million) including the post-retirement medical aid and the retirement gratuity provisions.

Defined Benefit Pension Scheme

A defined benefit scheme in South Africa which previously covered the old Tongaat-Hulett Group was split between Tongaat Hulett and Hulamin in 2012 and then in 2013 was converted to a Defined Contribution arrangement with the existing pensioner liabilities being outsourced to an insurer.

Details of the IAS 19 valuation of the DB Fund (South Africa):	**2014 Rmillion**	2013 Rmillion
Fair value of fund assets		
Balance at beginning of year	**737**	5 076
Expected return on scheme assets	**34**	366
Contributions by plan members		18
Benefits paid		(192)
Actuarial loss		(72)
Settlements / conversion	**(20)**	(4 459)
Balance at end of year	**751**	737
Present value of defined benefit obligation		
Balance at beginning of year		3 794
Current service cost		56
Interest cost		261
Contributions by plan members		18
Benefits paid		(192)
Actuarial loss		111
Settlements / conversion		(4 048)
Balance at end of year	**-**	-
Fund assets less member liabilities	**751**	737
Employer surplus account (note 3)	**(552)**	(515)
Provisions and reserves	**199**	222

31. RETIREMENT BENEFITS (continued)

The following dislosure is in respect of the previous financial year and relates to the defined benefit scheme up to the time that it was converted to a Defined Contribution arrangement.

Defined benefit accounting disclosure for the year ended 31 March 2013

	2013 Rmillion
Amounts included in the statement of financial position:	
Balance at 1 April 2012	469
Amounts recognised in profit or loss:	46
Net expense in respect of defined benefit accounting	(22)
Employer surplus account recognition	68
Balance at 31 March 2013	515
Asset information	
Cash and other	737
Actual return on scheme assets	294
The principal actuarial assumptions were:	
Discount rate	8,00%
Salary cost and pension increase	5,75%
Expected rate of return on assets	8,00%
Experience loss on:	
Plan assets	72
Percentage of plan assets	9,80%

Basis used to determine the rate of return on assets

The expected rate of return on assets was 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.

31. RETIREMENT BENEFITS (Rmillion) 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 medical 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	
	2014	2013 Restated	2014	2013 Restated
Amounts recognised in the statement of financial position:				
Net liability at beginning of year as previously reported	**448**	357	383	274
Effect of adoption of IAS 19 (Revised):				
Actuarial losses transferred to Other Comprehensive Income		34		61
Net liability at beginning of year restated	**448**	391	383	335
Actuarial loss/(gain):	**10**	33	4	39
From changes in financial assumptions	**1**	23	1	24
From changes in demographic assumptions	**6**	(7)	(4)	
From changes in experience items during the year	**3**	17	7	15
Net expense recognised in profit or loss	**48**	40	33	32
Employer contributions	**(29)**	(27)	(24)	(23)
Currency alignment	**10**	11		
Net liability at end of year	**487**	448	396	383
Amounts recognised in profit or loss:				
Current service costs	**6**	6	3	3
Past service costs	**7**			
Interest costs	**35**	34	30	29
	48	40	33	32
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	**9,00%**	8,00%	9,00%	8,00%
Mozambique	**6,75%**	6,75%		
Zimbabwe	**7,00%**	7,60%		
Health care cost inflation rate				
South Africa	**7,75%**	6,75%	7,75%	6,75%
Mozambique	**6,00%**	6,00%		
Zimbabwe	**5,75%**	6,35%		
Sensitivity analysis:				
On discount rate				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(2)**	(1)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(53)**	(49)	(38)	(37)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% decrease in trend rate - increase in the obligation	**65**	59	45	45
On health care cost inflation rate				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**2**	2	1	1
1% increase in trend rate - increase in the obligation	**65**	59	45	45
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(2)**	(1)	(1)	(1)
1% decrease in trend rate - decrease in the obligation	**(54)**	(50)	(38)	(38)
Estimated contributions payable in the next financial year	**30**	29	26	25

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2014	2013 Restated	2014	2013 Restated
Weighted average duration of the obligation (years):				
South Africa	**11,3**	11,4	11,3	11,4
Mozambique	**4,9**	4,6		
Zimbabwe	**17,8**	16,9		

Key risks associated with the post-retirement medical aid obligation:

Higher than expected inflation (to which medical cost/contribution increases are related).
"Real" future medical aid cost/contribution inflation (i.e. above price inflation) is higher than allowed for.
Members / pensioners changing medical aid plans to more expensive plans subject to maximum in terms of policy.
Longevity – pensioners (and their dependants) living longer than expected in retirement.
Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

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	
	2014	2013 Restated	2014	2013 Restated
Amounts recognised in the statement of financial position:				
Net liability at beginning of year as previously reported	**152**	116	102	77
Effect of adoption of IAS 19 (Revised):				
Actuarial losses transferred to Other Comprehensive Income		8		11
Net liability at beginning of year restated	**152**	124	102	88
Actuarial loss:	**7**	11	8	10
From changes in financial assumptions		4		4
From changes in demographic assumptions	**2**		2	
From changes in experience items during the year	**5**	7	6	6
Net expense recognised in income statement	**22**	19	14	13
Payments made by the employer	**(13)**	(9)	(12)	(9)
Currency alignment	**8**	7		
Net liability at end of year	**176**	152	112	102
Amounts recognised in profit or loss:				
Service costs	**9**	8	6	5
Interest costs	**13**	11	8	8
	22	19	14	13

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2014	2013 Restated	2014	2013 Restated
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	**9,00%**	8,00%	9,00%	8,00%
Zimbabwe	**7,00%**	7,60%		
Salary inflation rate				
South Africa	**7,50%**	6,50%	7,50%	6,50%
Zimbabwe	**5,00%**	5,60%		
Sensitivity analysis:				
On discount rate				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	**(1)**	(1)	(1)	(1)
1% increase in trend rate - decrease in the obligation	**(16)**	(14)	(9)	(9)
1% decrease in trend rate - increase in the aggregate of the service and interest costs	**1**	1	1	1
1% decrease in trend rate - increase in the obligation	**18**	17	11	11
On salary inflation rate				
1% increase in trend rate - increase in the aggregate of the service and interest costs	**3**	3	2	2
1% increase in trend rate - increase in the obligation	**18**	17	11	11
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	**(3)**	(2)	(2)	(2)
1% decrease in trend rate - decrease in the obligation	**(16)**	(15)	(9)	(9)
Estimated contributions payable in the next financial year	**15**	16	11	12
Weighted average duration of the obligation (years):				
South Africa	**9,8**	10,6	9,8	10,6
Zimbabwe	**11,4**	12,3		

Key risks associated with the retirement gratuity obligation:

Higher than expected inflation (to which salary increases are related).
"Real" salary increases (i.e. above price inflation) are higher than allowed for.
Large number of early retirements (normal or ill health) bringing forward gratuity payments.
Fewer exits prior to retirement than expected (i.e. more people reach retirement than allowed for in terms of current demographic assumptions).
Changes in the prescribed basis (as a result of market conditions) which adversely impact the financial results of the company.

32. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

The information in respect of directors' and prescribed officers' emoluments and interests is included in the Remuneration Report as follows:

	Page
Executive directors' and prescribed officers' remuneration	71
Non-executive directors' remuneration	72
Declaration of full disclosure	72
Interest of directors of the company in share capital	72

33. EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards made in terms of the company's share incentive schemes comprising The Tongaat-Hulett Group Limited 2001 Share Option Scheme, the Share Appreciation Right Scheme 2005, the Long Term Incentive Plans 2005 and the Deferred Bonus Plan 2005 are set out on pages 73 to 77 of the Remuneration Report and details of the interest of directors in share-based instruments are set out on pages 78 to 80.

34. BEE EMPLOYEE SHARE OWNERSHIP PLANS

The BEE employee transaction, which comprises the Employee Share Ownership Plan (ESOP) and the Management Share Ownership Plan (MSOP), vested during the year ended 31 March 2013.

The ESOP scheme consisted of a share appreciation right scheme and participants shared in 50% of the dividend payable to ordinary shareholders. The MSOP scheme consisted 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 made contributions to the MSOP Trust and the ESOP Trust (refer note 3). Due to these shares having had specific repurchase rights at maturity (five years from grant), they were a separate class of restricted shares which, other than for the repurchase terms, ranked pari passu with ordinary shares and became ordinary shares at maturity of the scheme on 1 August 2012.

Employee Share Ownership Plan

Grant date	Balance at 31 March 2013	Released including deaths in service	Scrip distribution	Forfeited / adjustments	Balance time constrained
1 August 2008	49 154	(48 694)		(460)	
1 February 2009	28 564	(26 971)		(1 593)	
1 August 2009	23 524			(3 194)	20 330
1 February 2010	24 330			(708)	23 622
1 August 2010	13 436			(414)	13 022
1 February 2011	12 688			(378)	12 310
1 August 2011	11 883			(215)	11 668
Unallocated	18 769		378	8 887	28 034
	182 348	(75 665)	378	1 925	108 986

Management Share Ownership Plan

Grant date	Balance at 31 March 2013	Released including deaths in service	Awarded during 2013/14	Scrip distribution	Forfeited / adjustments	Balance time constrained
1 August 2008	116 851	(116 851)				
1 February 2009	45 420	(45 420)				
1 August 2009	47 167				(10 291)	36 876
1 February 2010	76 390				(3 771)	72 619
1 August 2010	49 749					49 749
1 February 2011	23 430				(3 854)	19 576
1 August 2011	82 638				(4 640)	77 998
1 February 2012	93 737					93 737
1 June 2012	43 885					43 885
1 July 2012	41 935					41 935
1 August 2012	2 782					2 782
1 November 2012	267 587				(16 949)	250 638
7 January 2013	5 000					5 000
1 March 2013	4 855					4 855
1 July 2013			25 000			25 000
Unallocated	229 619		(25 000)	3 178	39 505	247 302
	1 131 045	(162 271)		3 178		971 952

35. CHANGE IN ACCOUNTING POLICY (Rmillion)

The adoption of the revised IAS 19 Employee Benefits has resulted in actuarial gains and losses being recognised immediately in other comprehensive income and no longer amortised via profit or loss. The effect of the change in accounting policy is disclosed below.

	Consolidated	Company
Effect on the statements of financial position at 31 March 2012		
Equity at 31 March 2012 as previously reported	7 796	3 162
Effect of change in accounting policy	(30)	(51)
Increase in provision for retirement benefits: actuarial losses recognised	(42)	(72)
Deferred tax thereon	12	21
Equity at 31 March 2012 restated	7 766	3 111
Effect on profit or loss for the year ended 31 March 2013		
Reversal of actuarial losses amortised	12	17
Deferred tax	(3)	(5)
Increase in profit for the year	9	12
Attributable to:		
Shareholders of Tongaat Hulett	8	12
Minority (non-controlling) interest	1	
	9	12
Effect on other comprehensive income for the year ended 31 March 2013		
Actuarial losses recognised	(44)	(49)
Deferred tax	12	13
Currency alignment	6	
Decrease in other comprehensive income	(26)	(36)
Net decrease in total comprehensive income	(17)	(24)
Attributable to:		
Shareholders of Tongaat Hulett	(19)	(24)
Minority (non-controlling) interest	2	
	(17)	(24)
Effect on the statements of financial position at 31 March 2013		
Equity at 31 March 2013 as previously reported	9 752	2 922
Effect of change in accounting policy	(47)	(75)
Actuarial losses recognised	(74)	(104)
Currency alignment	6	
Increase in provision for retirement benefits	(68)	(104)
Deferred tax thereon	21	29
Equity at 31 March 2013 restated	9 705	2 847

The change in accounting policy did not affect cash flow from operations.

FIVE YEAR REVIEW

FINANCIAL STATISTICS		12 months to 31 March 2014	12 months to 31 March 2013 Restated	12 months to 31 March 2012	12 months to 31 March 2011	12 months to # 31 March 2010
TRADING RESULTS (Rmillion)						
Revenue		**15 716**	14 373	12 081	9 681	8 789
Operating profit		**2 374**	2 131	1 879	1 604	1 535
Net financing costs		**(609)**	(560)	(507)	(472)	(365)
Profit before tax		**1 765**	1 571	1 372	1 132	1 170
Tax		**(538)**	(392)	(351)	(261)	(158)
Minority shareholders		**(72)**	(100)	(132)	(38)	(127)
Net profit attributable to shareholders		**1 155**	1 079	889	833	885
Headline earnings attributable to shareholders		**1 106**	1 067	891	806	815
SOURCE OF CAPITAL (Rmillion)						
Shareholders' interest		**10 562**	8 332	6 709	4 800	4 573
Minority interests in subsidiaries		**1 628**	1 373	1 087	840	870
Equity		**12 190**	9 705	7 796	5 640	5 443
Deferred tax		**2 131**	1 930	1 663	1 365	1 272
Borrowings - long and short-term		**5 387**	5 559	4 996	4 275	3 180
Non-recourse equity-settled BEE borrowings		**691**	722	737	761	787
Provisions		**696**	722	574	510	546
Capital employed		**21 095**	18 638	15 766	12 551	11 228
EMPLOYMENT OF CAPITAL (Rmillion)						
Property, plant, equipment, investments and intangibles		**11 705**	10 679	9 363	7 934	7 969
Growing crops		**5 005**	4 583	3 575	2 608	2 041
Long-term receivables		**485**	455	409	429	
Inventories, receivables and derivative instruments		**5 714**	4 667	3 843	3 170	3 218
Cash and cash equivalents		**1 067**	917	592	350	140
Total assets		**23 976**	21 301	17 782	14 491	13 368
Current liabilities (excluding short-term borrowings)		**2 881**	2 663	2 016	1 940	2 140
Capital employed		**21 095**	18 638	15 766	12 551	11 228
RATIOS AND STATISTICS						
EARNINGS						
Headline earnings per share - (cents)		**990,5**	968,0	838,9	760,5	788,5
Dividends per share - (cents)		**360,0**	340,0	290,0	250,0	275,0
Dividend cover - (times)		**2,8**	2,8	2,9	3,0	2,9
PROFITABILITY						
Operating margin		**15,1%**	14,8%	15,6%	16,6%	17,5%
Return on capital employed		**12,9%**	13,3%	14,0%	14,0%	14,2%
FINANCE						
Debt to equity		**44,2%**	57,3%	64,1%	75,8%	58,4%
Net debt to equity		**35,4%**	47,8%	56,5%	69,6%	55,9%
SHARES						
Shares in issue - (millions)	- issued	**110**	109	105	105	104
	- weighted	**112**	110	106	106	103
Market capitalisation	- Rmillion	**12 501**	15 586	10 934	10 238	10 679
Value of shares traded	- Rmillion	**6 038**	7 348	2 833	3 173	12 067
Share price - (cents)	- balance sheet date	**11 368**	14 345	10 399	9 749	10 300
	- high	**14 500**	14 940	10 770	11 000	10 628
	- low	**10 700**	10 301	8 547	9 300	6 700
Volume of shares traded	- (millions)	**49**	56	30	34	132

The financial year end changed to 31 March, with effect from 2010. The information provided represents the pro forma results for the 12 months ended 31 March 2010, as previously published. The Zimbabwe operations were consolidated for the first time in 2009/10 and the capital employed used for the purposes of determining the return on capital employed includes the Zimbabwe operations.

DEFINITIONS

OPERATING PROFIT
Operating profit comprises results of operations, centrally accounted and consolidation items and included dividends from Triangle prior to the March 2010 reporting period.

HEADLINE EARNINGS
Headline earnings are calculated in note 22, in accordance with the South African Institute of Chartered Accountants' Circular 2/2013: Headline Earnings.

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

OPERATING MARGIN
Operating profit expressed as a percentage of revenue.

RETURN ON CAPITAL EMPLOYED
Operating profit excluding exceptional items, expressed as a percentage of average capital employed, excluding capital work in progress and including cash as part of net debt.

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

as at 31 March 2014 | **Tongaat Hulett Limited**

Number of shareholders	Spread	Shares held	% Held
6 489	1 - 1 000 shares	2 122 057	1,57
1 998	1 001 - 10 000 shares	5 669 615	4,20
530	10 001 - 100 000 shares	16 748 002	12,40
141	100 001 - 1 000 000 shares	39 678 597	29,38
20	more than 1 000 000 shares	70 853 735	52,45
9 178	Total	135 072 006	100,00
	Category		
121	Banks	17 489 076	12,95
2	BEE TH Infrastructure and yoMoba SPVs	25 104 976	18,59
2	BEE Share Ownership Plans	1 080 938	0,80
79	Close Corporations	68 766	0,05
87	Endowment Funds	833 800	0,62
6 549	Individuals	6 594 812	4,88
46	Insurance Companies	3 336 415	2,47
38	Investment Companies	507 947	0,38
20	Medical Aid Funds	321 311	0,24
194	Mutual Funds	32 525 683	24,08
1 369	Nominees and Trusts	5 273 120	3,90
46	Other Corporations	258 165	0,19
400	Pension Funds	40 246 147	29,79
212	Private Companies	1 218 013	0,90
9	Public Companies	37 270	0,03
4	Share Schemes	175 567	0,13
9 178	Total	135 072 006	100,00
	Type of shareholder		
	Non-public		
4	Directors and associates of the company	374 200	0,27
4	BEE entities	26 185 914	19,39
4	Share Schemes	175 567	0,13
1	Issuer's retirement funds	34 132	0,03
13	Total non-public	26 769 813	19,82
9 165	Public	108 302 193	80,18
9 178	Total	135 072 006	100,00
	Beneficial shareholdings over three percent		
	Public Investment Corporation (GEPF)	19 190 059	14,21
	BEE - TH Infrastructure SPV (Pty) Ltd	13 947 209	10,33
	Allan Gray	13 032 352	9,65
	BEE - yoMoba SPV (Pty) Ltd	11 157 767	8,26
	Investment Solutions	5 714 562	4,23
	Coronation Fund Managers	4 151 460	3,07

CORPORATE INFORMATION

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

Company Secretary
M A C Mahlari

Business and Postal Address
Amanzimnyama Hill Road
Tongaat
KwaZulu-Natal
P O Box 3
Tongaat 4400

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

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

Notice is hereby given that the one hundred and twenty second annual general meeting of shareholders of the Company will be held at the Corporate Office, Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal on Wednesday 30 July 2014 at 09h00, to among other matters, consider and if deemed fit, to pass (with or without modification) the ordinary and special resolutions set out below. The record date on which shareholders must be registered in the Company's securities register in order to attend, participate and vote at the annual general meeting is Friday, 18 July 2014.

Order of business

1. To receive and consider the annual financial statements of the Company for the year ended 31 March 2014, 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 Risk, SHE, Social and Ethics Committee, the Audit Committee and the external 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 each of F Jakoet, N Mjoli-Mncube and T Mgoduso 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 pages 56 to 57 of the integrated annual report.

4. To elect S M Beesley as an independent non- executive director, having been appointed in June 2014, 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 and details of the director are set out on page 56 of this integrated annual report.

5. To elect the Audit and Compliance committee in terms of the Act. 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 page 56 of the integrated annual report.

6. 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 RESOLUTIONS:
To adopt special resolutions, each resolution must be supported by at least 75% of the total number of votes which the shareholders or their proxies exercise at the meeting.

ORDINARY RESOLUTIONS:
Unless otherwise provided, to adopt ordinary resolutions, each resolution must be supported by at least 50% of the total number of votes which the shareholders or their proxies exercise at the meeting.

Special Resolution Number 1

"Resolved as a special resolution that the Company hereby approves, as a general approval contemplated in the JSE Listings Requirements, the acquisition by:

a. the Company of shares or debentures (securities) issued by it on such terms and conditions and in such amounts 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 and in such amounts as the directors of any such subsidiary may deem fit;

provided that:

1. the aggregate number of ordinary shares acquired by the Company and its subsidiaries 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 shareholders' 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 this general approval 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 56 to 57;
b. major shareholders: page 130;
c. directors' interests in the Company's securities: page 72;
d. directors' responsibility statement: page 86;
e. share capital: page 105.

There have been no material changes to this information since 31 March 2014. 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 in the integrated annual report 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 the above special resolution number 1 contains all the required information.

Reason and Effect:
In terms of the JSE Listings Requirements, a company may only make a general repurchase of securities if approved by shareholders in terms of a special resolution. The reason for special resolution number 1 is to provide a general authority for the Company and its subsidiaries to acquire shares issued by the Company in accordance with the provisions of the Act and the JSE Listings Requirements. If special resolution number 1 is passed, it will have the effect of authorising the Company or any of its subsidiaries to acquire any of the shares issued by the Company, which authority will last until the earlier of the next annual general meeting of the Company or the expiry of a period of 15 months from the date of special resolution number 1.

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 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 30 July 2014 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 representing 5 498 351 shares 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".

Type of fee	Existing Annual Fees R		Proposed Annual Fees from July 2014 AGM to 2015 AGM	
	Annual Fixed/Retainer Fee	Attendance Fee Per Meeting	Annual Fixed/Retainer Fee	Attendance Fee Per Meeting
Tongaat Hulett Board:				
Chairman	660 957	88 126	700 614	93 414
Non-Executive Directors	187 148	24 953	198 377	26 450
Audit and Compliance Committee:				
Chairman	183 743	40 832	194 768	43 282
Non-Executive Directors	91 880	20 413	97 393	21 638
Remuneration Committee:				
Chairman	146 600	32 562	155 396	34 516
Non-Executive Directors	73 294	16 281	77 692	17 258
Risk, SHE, Social and Ethics Committee:				
Chairman	146 600	32 562	155 396	34 516
Non-Executive Directors	73 294	16 281	77 692	17 258

Any special committee meeting, if required, would earn the same fees as the Remuneration Committee or Risk, SHE, Social and Ethics Committee.

Reason and Effect:

Special resolution number 2 is proposed to comply with the provisions of sections 66(8) and (9) of the Act which provide that the company may pay remuneration to its directors for their service as directors by special resolution.
If special resolution number 2 is passed, the Company will be authorised to pay its directors the remuneration specified in the table above.

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 68 to 80 of this integrated annual report."

7. **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 Monday 28 July 2014. The completion of a proxy form will not preclude a member from attending the meeting.

A proxy need not be a shareholder of the Company. In terms of section 63(1) of the Act, before any person may attend or participate in the annual general meeting, that person must present reasonable satisfactory identification to the chairman of the meeting, who must be reasonably satisfied that that person has the right to attend, participate in and vote at the meeting, either as a shareholder or as a proxy for a shareholder. Acceptable forms of identification include a valid identity document, passport or driver's license.

By order of the Board

M A C Mahlari

Company Secretary
Amanzimnyama
Tongaat, KwaZulu-Natal
22 May 2014

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 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 Wednesday 30 July 2014 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
Re-appointment of Deloitte & Touche as auditors (with Mr W Moodley as designated auditor)				
Re-election of directors:				
	F Jakoet			
	N Mjoli-Mncube			
	T Mgoduso			
Election of director:				
	S M Beesley			
Election of Audit & Compliance Committee until the next AGM:				
	J John			
	F Jakoet			
	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...................... 2014.................. Signature...

Completed forms of proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Monday, 28 July 2014.

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.

GLOSSARY OF TERMS

- ACP - African, Caribbean, Pacific
- Bagasse - Bagasse is a fibrous co-product of the sugar crushing process which can be used as an ingredient in the production of animal feeds, or burnt to generate electricity
- Bulk infrastructure - The large-scale roads, sewerage, water, electrical and drainage works necessary to enable a land holding to be converted from agricultural to other, higher value usage
- CAP - Common Agricultural Policy
- CDP - Carbon Disclosure Project
- CRDU - Cane and rural development unit (in South Africa)
- Developable hectares - The area of a land holding left over after deducting areas not available for development, such as very steep, geologically unstable or environmentally sensitive land. These hectares will carry both sites that can be sold as well as roads, parks and other amenities
- Ethanol - Ethanol is pure alcohol, produced through the fermentation of sugar
- EU - European Union
- FIFR - Fatality Injury Frequency Rate
- GHG emissions - Greenhouse gas emissions
- Glucose - Glucose is a simple sugar found in plants
- Greenfield enterprises - Starting a new business venture from scratch
- Gross hectares - The total area of a land holding, defined by a line around it's boundary
- IPPs - Independent Power Producers
- ITB - Ingonyama Trust Board
- Land conversion - The activity, consciously and proactively undertaken by Tongaat Hulett, of moving appropriate components of its land holdings from an agricultural land use to other uses in order to create and realise value for a range of its stakeholders
- Land development - An activity within the land conversion process that includes the installation of services to a land holding, its establishment as a township and the sale of individual subdivisional stands, sometimes with a range of additional value-adding services provided to the buyer
- LDC - Least Developed Country - as defined by the United Nations
- LTIFR - Lost Time Injury Frequency Rate
- Mega property transaction - A particularly large commercial transaction undertaken in respect of a component of Tongaat Hulett's land portfolio
- Molasses - Molasses is a viscous co-product of the process of refining sugarcane
- Off-crop expenditure - All costs incurred at the mill from shutdown of a season to 31 March of that financial year
- RE IPPP - Renewable Energy Independent Power Producer Procurement Programme
- Renewable energy - Renewable energy is as energy that comes from natural resources which are organically replenished
- RSE - Raw sugar equivalent
- Shovel ready land - The status of an element of the land portfolio where environmental (EIA), zoning and subdivisional permissions are sufficiently advanced that it is assessed that, within a short space of time (generally around six months or less), physical work on both infrastructure and buildings could be commenced. A key consideration in the ability to realise optimum value from a particular land holding
- Sorbitol - Sorbitol is a sugar alcohol which is produced through the reduction of glucose
- SRI Index - Socially Responsible Investment index of the JSE Limited
- Sucrose - Sucrose is table sugar (or cane sugar or beet sugar)
- tcph - Tons of cane per hectare

Tongaat Hulett

www.tongaat.com