



Tongaat Hulett

INTEGRATED ANNUAL REPORT 2015



VALUE CREATION FOR ALL STAKEHOLDERS
THROUGH AN ALL-INCLUSIVE APPROACH
TO GROWTH AND DEVELOPMENT



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 is Tongaat Hulett's primary communication to shareholders, investors and analysts, farmers, government authorities and regulators, local communities, employees, customers, suppliers and service providers. It provides an overview of Tongaat Hulett's financial and non-financial performance for the 12 months ended 31 March 2015, with comparative data for the prior period.

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 Council's <IR> Framework and the Global Reporting Initiative's (GRI) Guidelines (3.1) contributed to the compilation of this report. Tongaat Hulett self declares the application level B+ for this reporting period. 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 framework to provide assurance to the Board on the company's performance in the context of material matters in its operating environment. The Audit and Compliance, Risk, SHE and Social and Ethics Committees consider all material matters facing the company to ensure that these are adequately managed and that internal assurance activities are integrated and efficiently coordinated. The following service providers provided external assurance of various elements of the integrated annual report:

- Annual financial statements - Deloitte & Touche
- Review of internal controls and risk review - KPMG
- Non-financial aspects in terms of the AA1000 Standards - Environmental Resources Management (ERM)

This report is the product of several iterative processes of approval and refinement, with oversight at executive level. It was approved by the Board for release to shareholders on 21 May 2015.

REQUEST FOR FEEDBACK

Tongaat Hulett would like to hear from all stakeholders on their views of the 2015 integrated annual report, including the accessibility of the information provided and opportunities to expand and improve the company's future reporting.

Please contact: Corporate Affairs, Tongaat Hulett, P O Box 3, Tongaat, 4400, South Africa (Email: info@tongaat.com / Telephone: +27 32 439 4114)

NAVIGATION

Tongaat Hulett's impact on and contributions to the six capitals of value creation described in the <IR> Framework are addressed in an integrated manner throughout this report, including all elements previously reported on in a separate sustainability section.

The following table provides an overview of how the capitals are indicated in the report and where the bulk of the commentary pertaining to each can be found:

	Manufactured capital	Tongaat Hulett profile section	Page 08
	Financial capital	Financial and operations review	Page 30
	Human capital	Human resources section	Page 36
	Social and relationship capital	Stakeholder relationships section	Page 41
	Intellectual capital	Intellectual property section	Page 47
	Natural capital	Environment section	Page 48

Tongaat Hulett's GRI Index provides a thorough breakdown of the financial and non-financial information which the company has reported and is available for download at www.tongaat.com/annualreport2015/gri.pdf.

This icon indicates where more detail can be accessed online

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

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AT A GLANCE

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

Portfolio of land for conversion (unique portfolio and well-established development platform in the fastest growing area of KwaZulu-Natal)

Operations located in six countries in sub-Saharan Africa

Largest private sector employer in both Mozambique and Zimbabwe

Approximately one million people in South Africa are directly impacted by the South African sugar industry - Tongaat Hulett is the major player north of Durban



AGRICULTURE AND AGRI-PROCESSING IS A FUNDAMENTAL ELEMENT OF SOCIO-ECONOMIC DEVELOPMENT IN AFRICA - PARTICULARLY IN THE DEVELOPMENT OF RURAL COMMUNITIES, FARMING ACTIVITIES, FOOD SECURITY AND WATER MANAGEMENT, HOUSING AND LAND CONVERSION TO DEVELOPMENT AS URBAN AREAS EXPAND. THIS IS ALSO LINKED TO THE SOCIO-POLITICAL DYNAMICS OF THE REGION. TONGAAT HULETT IS WELL POSITIONED IN THE NEXUS OF THESE DYNAMICS.

TONGAAT HULETT CREATES VALUE FOR ALL STAKEHOLDERS THROUGH AN ALL-INCLUSIVE APPROACH TO GROWTH AND DEVELOPMENT, WHICH FOLLOWS THE INTERCONNECTED NATURE OF ITS ACTIVITIES.

STARCH OPERATIONS

Growing starch and glucose production

Available wet-milling capacity and enhanced product mix

Only wet miller of maize in Africa south of Egypt

SUGAR OPERATIONS

Increasing returns from existing sugar asset base

Realigning market positions

Low-cost incremental sugar production from existing milling capacity

Reducing costs

LAND CONVERSION AND DEVELOPMENT

Momentum established and increasing

Substantial value realisation

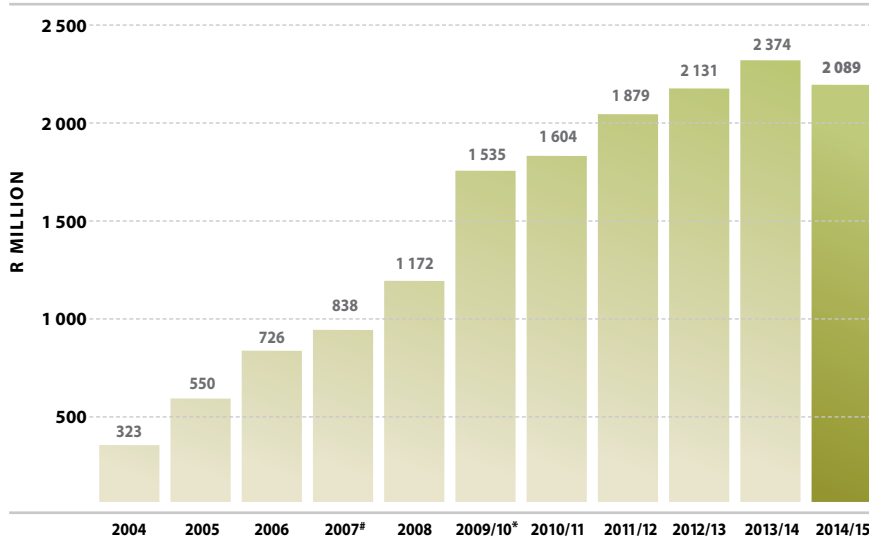
CONSTRUCTIVE INTERFACE WITH GOVERNMENTS AND SOCIETY

SALIENT FINANCIAL FEATURES OF 2014/15

The results for the year ended March 2015 were attained with

- the starch operations delivering a record performance;
- land conversion and development activities continuing to unlock substantial value, albeit with profit recognised being below that reported last year;
- difficult market and weather conditions for the sugar operations; and
- positive achievements in the sugar operations in terms of cost reductions, securing the local market in Zimbabwe and future cane supplies.

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



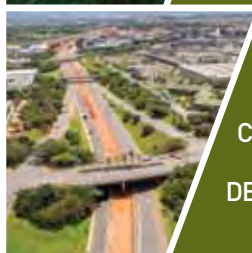
STARCH OPERATIONS

- Operating profit grew to R561 million (2014: R482 million)
- Improvements in sales mix, co-product recoveries, capacity utilisation and plant efficiencies



SUGAR OPERATIONS

- Sugar production of 1,314 million tons (2014: 1,424 million tons) and operating profit of R806 million (2014: R908 million)
- Impacted by weather conditions and low sugar prices



LAND CONVERSION AND DEVELOPMENT

- Profit of R829 million from the sale of 108 developable hectares (2014: profit of R1 080 million from sales of 259 developable hectares)

REVENUE
R16,155
BILLION

+2,8%
(2014: R15,716 BILLION)

OPERATING PROFIT
R2,089
BILLION

-12,0%
(2014: R2,374 BILLION)

CASH FLOW FROM OPERATIONS
R2,533
BILLION

+16,6%
(2014: R2,173 BILLION)

HEADLINE EARNINGS
R945
MILLION

-14,6%
(2014: R1,106 BILLION)

ANNUAL DIVIDEND
380
CENTS PER SHARE

+5,6%
(2014: 360 CENTS PER SHARE)

INVESTMENT CASE

FROM AN INVESTOR PERSPECTIVE, THE BUSINESS'S STRATEGIC POSITIONING AND OBJECTIVES FOCUS ON THE FOLLOWING KEY POINTS:

GROWING STARCH AND GLUCOSE

- Local and African market growth, supplied from existing available wet-milling capacity with an enhanced product mix.

INCREASING RETURNS FROM THE EXISTING SUGAR ASSET BASE

- Multiple market positions, strong brands, distribution, packing and market opportunities - local, regional, African, EU and other international markets.
- Robust positions in attractive domestic markets with growing consumption-driven demand and which are increasingly well protected and supported, in line with world norms.
- Flexibility to adjust export destinations and market positions outside the domestic markets - which are world price linked and earn a premium - realigning positioning in both the EU (duty-free access) and Africa. Sub-Saharan Africa deficit market opportunities are increasing as consumption grows in the region.
- Substantial existing unutilised milling capacity - little capital expenditure required to use the additional available capacity.
- Main focus is on additional sugar production from increasing cane supplies through higher yields and benefiting from regular growing conditions and improving sugar content/extraction, which typically has a low incremental cost of 4 to 6 US cents per pound (which is less than 50 percent of the current low world sugar price), as milling costs and agricultural costs per hectare are mostly fixed.
- Concerted cost reduction process underway with substantial reductions already achieved over the past two years.

MEDIUM TERM INVESTMENT OPPORTUNITIES

- Platform for future downstream brownfield/greenfield sugar and starch regional expansions.
- Renewable energy - to increase revenue from sugarcane - ethanol production to replace export sugar and electricity generation from fibre.

LAND CONVERSION - SUBSTANTIAL VALUE REALISATION

- 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 corresponding cash generation.
- Positive, constructive and inextricable link to sugarcane farming activities.

LEADERSHIP AND STRENGTH OF MANAGEMENT TEAM

- Ability and track record - multiple advanced core competencies, good governance, strong executive and Board leadership.

SOCIO-ECONOMIC POSITIONING AND CONSTRUCTIVE INTERFACES WITH GOVERNMENTS AND SOCIETY

- 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.

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.



BUSINESS MODEL

TONGAAT HULETT'S GEOGRAPHIC FOOTPRINT IS A CORE ENABLER ACROSS THE COMPANY'S OPERATIONS AND RELATIONSHIPS.




GEOGRAPHIC FOOTPRINT



* Percentage of Tongaat Hulett's cane farming including leased land

TONGAAT HULETT PROFILE


Manufactured capital

KEY ELEMENTS

>630 000 TONS OF MAIZE CONVERTED TO STARCH AND GLUCOSE PER ANNUM ONLY MAIZE WET-MILLER IN SUB-SAHARAN AFRICA

>2,1 MILLION TONS INSTALLED SUGAR MILLING CAPACITY

8 091 HECTARES OF DEVELOPABLE LAND IDENTIFIED FOR CONVERSION

KEY PRIORITIES GOING FORWARD

GROW SUGAR AND STARCH PRODUCTION

PRIORITISE THE SALE OF 635 DEVELOPABLE HECTARES WHERE COMMERCIAL NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE

Tongaat Hulett is an agriculture and agri-processing business, focusing on the complementary feedstocks of sugarcane and maize. Its on-going activities in agriculture have resulted in the company having a substantial land portfolio within the primary growth corridors of KwaZulu-Natal with strong policy support for conversion at the appropriate time. A core element of Tongaat Hulett's strategic vision is to maximise the value generated from the conversion of land in the portfolio by responding to key demand drivers and identifying its optimal end use for all stakeholders. 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. Global sweetener markets continue to be dynamic and the business seeks to optimise its various market positions, leveraging off its current base to maximise revenue from these products. 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.

The business as it stands today, arose from the merger of the Tongaat Group Limited and the Hulett's 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 since 1939.

Tongaat Hulett has, over many years, developed strong relationships with various stakeholders. These partnering relationships continue to contribute towards the achievements of the business's strategic goals, while also meeting the objectives of its range of stakeholders, including shareholders, governments, private farmers and their representative bodies, communities, employees and people impacted by company operations and its growth and development activities.

A key operational objective is the promotion of agricultural sustainability. Tongaat Hulett has policies in place which ensure that land management practices integrate agricultural and sustainability aspects towards achieving broader development imperatives, for example, food security. This approach ensures the participation of affected communities, the promotion of community development, improving farm production and farming systems, infrastructure development and land resource planning, conservation and rehabilitation.





SUGAR OPERATIONS

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 private farmers in rural KwaZulu-Natal. At the beginning of the 2014/15 season, the South African operations were supplied by 118 182 hectares. 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 Hulett's® brand. The South African sugar product range offers a total sweetener solution including a range of high-intensity sweeteners.

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. At the beginning of the 2014/15 season, the Zimbabwe operations were supplied by 44 749 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 Hulett's Sunsweet®

brand is the leading sugar brand in the country. The Lowveld in Zimbabwe, with excellent topography, climate and established water storage and conveyance infrastructure for irrigation, is recognised globally as a highly competitive sugar producer. The Zimbabwean operations include the business running the largest cattle herd and extensive game reserves, which have significant potential for tourism.

MOZAMBIQUE

The Mozambique sugar operations comprise the expanded sugar mills and estates surrounding Xinavane and Mafambisse. At the beginning of the 2014/15 season, 22 072 hectares of Tongaat Hulett miller cum planter was farmed under sugarcane with 6 275 hectares under private grower and community-based schemes. Sugar production capacity at the Xinavane mill is 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 generally 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. The operations also include extensive landholdings, which border the Kruger National Park, and have high tourism potential.

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 farms of which approximately 3 740 hectares are harvested annually. The estate has consistently achieved excellent sucrose yields due to the good soil and growing conditions in the region and delivers its cane to the nearby Simunye and Mhlume sugar mills. The estates have the capacity to produce a Raw Sugar Equivalent (RSE) of 60 000 tons per annum.

NAMIBIA AND BOTSWANA

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 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 14,38 million litres for blending with petrol during 2014/15. Tongaat Hulett is well placed to benefit from evolving renewable energy dynamics with the potential to build large-scale renewable electricity plants, as well as the opportunity to convert its export sugar to ethanol in its southern African operations.

VOERMOL FEEDS

The company's 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. The production and marketing of high-quality, cost-effective products over the past 50 years, combined with the development of long-term relationships with farmers, agricultural companies and suppliers, has established Voermol Feeds as the market leader in the molasses and pith-based animal feeds industry in South Africa.



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 630 000 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, Hydrex and Vaalgold Gluten 60 remain some of the leading starch, glucose and feed ingredient brands in South Africa. The co-products that are produced during the starch and glucose manufacturing process supply feed into the animal feed industry. 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.

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.

LAND CONVERSION ACTIVITIES

Tongaat Hulett's landholdings of some 8 091 hectares represent a unique portfolio and well-established development platform in the fastest growing area of KwaZulu-Natal. The portfolio represents a key opportunity for growth and development for many stakeholders and achieving optimal development outcomes requires appreciating the inextricable links between agriculture, rural jobs and community development, government and local authorities, infrastructure investment and the conversion of cane land to urban uses.

Land conversion takes place over a number of years and the land remains agriculturally productive throughout the conversion process, remaining under sugarcane until it is shovel ready and the final transition to development takes place. The business continues to broaden the range of commercial approaches to transactions, continually refining its understanding and appreciation of the demand drivers in the market. This includes undertaking large transactions yielding better value through creating longer-term investment opportunities for buyers that are not solely dependent on immediate market conditions.

Further details regarding these on-going processes are provided in Tongaat Hulett's Portfolio of Land for Conversion in KwaZulu-Natal, available at www.tongaat.com.



CHAIRMAN'S STATEMENT



CB SIBISI
CHAIRMAN

I am pleased to present my first statement to stakeholders as Chairman. Tongaat Hulett has attained solid results under challenging conditions in the sugar industry. Substantial value continues to be unlocked in land conversion and development activities, and the starch operations have delivered a strong performance. Looking ahead, with its enhanced strategic positioning over recent years, the company will continue to build on the multiple strategic thrusts and creating value for all stakeholders.

CHAIRMAN'S SUCCESSION AND DIRECTORATE

There were some key changes to the composition of the Board during the period under review. JB Magwaza retired at the last annual general meeting on 30 July 2014, having reached the mandatory retirement age. JB, as he is affectionately known, served the company diligently for 39 years, both in an executive and non-executive capacity, and as Chairman of the Board since 2009. Both the company and the Board benefited greatly from his knowledge, inspired leadership and wise counsel. We extend to him our gratitude and very best wishes for the future.

The Board appointed Jenitha John, 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 King III. In situations where my participation in the Tongaat Hulett BEE equity structure impacts my independent status as Chairman, she will assume that role. This appointment was also with effect from 30 July 2014.

Adriano Maleiane, an independent non-executive director since 2009, was appointed as Minister of Economy and Finance in Mozambique. As a result of this appointment, Mr Maleiane resigned from the Board with effect from 1 February 2015, with well wishes from the Board on this key assignment.

The Board was pleased to welcome two new independent non-executive directors, who add valuable insights and perspectives

to the Board in light of the broad geographic spread of our operations. Stephen Beesley, a seasoned director with extensive multinational business experience in many countries including Botswana, Namibia, Tanzania, Zambia, Mozambique and Zimbabwe, was appointed with effect from 17 June 2014. Tomaz Salomão, a Mozambican national, is a former Executive Secretary of SADC, Minister of Transport and Communications, and Minister of Finance and Planning, amongst his many other achievements, and was appointed to the Board on 25 May 2015. Their appointment enhances the dynamics and skills of the Board.

BUSINESS SUSTAINABILITY

Sustainability is anchored in the corporate strategy and represents an integral part of Tongaat Hulett's corporate culture. This is reflected in the relentless drive towards an all-inclusive approach of value creation for all stakeholders. With a footprint in six SADC countries, business is not viewed in isolation, the company's role and responsibility as a business, to actively address socio-economic pressures such as job creation, food security and rural development across all areas of operation, is taken seriously. Sustainability efforts and focus are therefore geared towards not only growing the business optimally, but simultaneously delivering tangible social value creation, whilst using natural resources responsibly, and maintaining sound relationships with our stakeholders.

Safety continues to be a high priority for the company, with the sustainability framework being driven through the zero harm campaign. The company is pursuing an interdependent safety culture targeted at transforming the mindset of all stakeholders where individuals are required to be subconsciously safe, healthy, environmentally responsible, resourceful and supportive of one another in an effort to prevent injuries across the company's stakeholder society. Despite the continued initiatives to ensure the highest standards of safety and occupational health, regrettably two lives were lost in separate work related incidents during the year. On behalf of Tongaat Hulett, I extend my heartfelt condolences to affected family, friends and colleagues, and emphasise the company's

determination and commitment to preventing further loss of lives.

Tongaat Hulett continues to improve on its journey of advancing various sustainability initiatives, which include renewable energy, carbon management, water resource management, effluent and waste management, climate change and sustainable agriculture. Various sustainability components are addressed throughout this report, and are indicated and described within a broad framework of six capitals of value creation (natural, capital, manufacturing, social, financial and intellectual).

The company continues to maintain its membership on the UN Global Compact, an initiative started in 1999 by the United Nations to promote good corporate citizenship. This comprises 10 major principles from the areas of human rights, labor standards, environmental protection and measures to combat corruption and the company is committed to ensuring it upholds these principles across its operations. Furthermore, with the signing of the CEO Water Mandate, the company formally confirmed its intention of managing this resource responsibly.

STAKEHOLDER ENGAGEMENT

Tongaat Hulett's proud history of creating and maintaining positive relationships with all stakeholders continues unabated. I am pleased with the processes implemented by the company to improve the understanding of the needs of its stakeholders. Throughout this report, the nexus between various stakeholders and the company's success in delivering on strategic thrusts is highlighted. Regular interface with the investment community, shareholders, employees, communities, various governments across the SADC region, small-scale and commercial private farmers and their representative bodies, remains a priority and is reflective of the company's continued holistic success as a business.

DIVIDEND

The Board declared a final gross cash dividend of 210 cents per share. The final dividend, together with the interim dividend of 170 cents per share, amounts to a total dividend of 380 cents per share for the financial year ended 31 March 2015, which compares with the 360 cents per share paid out in the previous year, reflecting an increase of 5,6 percent.

GOOD FUNCTIONING OF THE BOARD AND CORPORATE GOVERNANCE

The Board remains vigilant in ensuring the company's high regard for corporate governance, which is visible in how the company operates within principles of corporate discipline, ethical leadership, transparency, integrity and accountability. Part of Tongaat Hulett's continued success rests in the Board's recognition of the inextricable link between effective governance and sustainable business performance. I am proud of the pivotal role played by the Board in providing ethical leadership and setting a tone of integrity in the company.

The Board confirms once again that it applies in all material respects the principles embodied in King III, the JSE Listings Requirements, the Companies Act and other pertinent legislation by which it is bound. We continue to strive to embed best practice corporate governance principles whilst building a lasting legacy for future generations and creating long-term value for stakeholders. For the year under review, an assessment of the Board's performance as well as that of the various committees against the respective mandates was conducted. This process presented an opportunity to reflect on areas that should receive increased focus, and to look at the year ahead with increased vigor.

APPRECIATION

The Board is looking to the future challenges and many exciting opportunities that lie ahead for the company with enthusiasm. The business strategies and plans are robust and inspiring, and with our culture of strong performance and innovation, we are poised for further growth and success, and to weather any storms that may lie ahead.

I am proud of the leadership demonstrated by management in a dynamic and often complex business environment. On behalf of the Board, I thank Peter Staude and the executive team for once again performing commendably and for their continued sterling efforts in navigating this business to greater heights and often times, uncharted territory. In addition, I would like to express my gratitude and appreciation to the Board. Tongaat Hulett is fortunate to have on its Board a wide range of experienced individuals who possess a wealth of experience, whilst adding valuable diversity and insight. To conclude, I applaud the loyalty, support and dedication of all stakeholders, particularly employees, to whom much of the company's great success can be attributed.



CB Sibisi
Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

21 May 2015

CHIEF EXECUTIVE'S REVIEW



Rosario Cumbi
MD Sugar Mozambique

Tongaat Hulett is well positioned to benefit from its improved strategic positioning underpinned by substantial progress against the goals it has set itself in key focus areas. Further significant outcomes are targeted for the year ahead.



Michael Deighton
MD Land Development



Peter Staude
Chief Executive Officer



Sydney Mtsambiwa
MD Sugar Zimbabwe



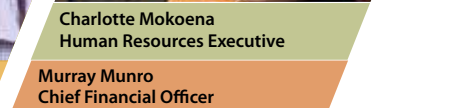
Martin Mohale
MD Sugar South Africa



Garth Macpherson
MD Starch and Glucose



Charlotte Mokoena
Human Resources Executive



Murray Munro
Chief Financial Officer

It is pleasing to report on a year where the starch operations delivered a record performance, the land conversion and development activities' momentum continues to unlock substantial value and, in difficult market and weather conditions for the sugar operations, there were positive achievements in terms of cost reductions, securing the local market in Zimbabwe and future cane supplies. Operating cash flow exceeded R2,5 billion for the first time, an encouraging milestone.

The financial results for the year ahead will be influenced by a number of varying dynamics, the magnitude and impact of which are difficult to predict at this stage. It is likely that the sugar operations will remain under pressure, particularly in South Africa. Land development could have a record year. Starch volumes, mix, cost and exchange rate dynamics are likely to counter maize prices being closer to import parity.



GROWING STARCH AND GLUCOSE

Domestic sales volumes grew by 4 percent in the current year, and are projected to grow by over 5 percent in the year ahead. Tongaat Hulett is well positioned to further benefit from growth in the coffee creamer sector with the commissioning of additional downstream capacity scheduled for October 2015.

Tongaat Hulett's starch operation currently has about 15 percent of its installed up-stream wet-milling capacity available after servicing current markets. The operation has a well-developed source of raw materials, a strong South African domestic market presence and access to regional markets, all of which are in an upward starch and glucose consumption phase.

- Tongaat Hulett's customers in the coffee and coffee creamer sectors are seeing increased demand for their product in the SADC region and beyond. The business's current investment in this market will provide further support for growth in this market segment.

The starch operation continues to prioritise improvements in efficiencies and capacity utilisation. Some of the key achievements for 2014/15 include:

- Ongoing operational excellence programmes and efficiency investments led to an improvement in factory yields, along with improved co-product recoveries and a reduction in utility costs. This resulted in a reduction in manufacturing costs of R24 million during the period.
- The Kliprivier mill, which is the operation's largest mill, improved wet-milling output by 14 percent.

BUILDING ON A NUMBER OF ACTIONS ALREADY UNDERWAY, THE MAIN FOCUS AREAS FOR THE STARCH OPERATION ARE:

- Supporting the growth in the coffee creamer sector through an investment of some R120 million in downstream capacity. This investment is expected to be commissioned in October 2015, and the production will replace imports of glucose for existing customers under long-term contracts.
- Capacity released by the coffee creamer expansion will be used to supply modified starch and glucose products to the confectionary industry.
- 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 previous South African maize crop, which has been confirmed at 14,31 million tons (harvested from May to July 2014), represents the largest crop harvested in South Africa's history. The carry out of this crop is reducing the impact of the poor 2015/16 crop, which is currently estimated to be 9,76 million tons.

INCREASING RETURNS FROM THE EXISTING SUGAR ASSET BASE

The following sections provide an overview of current sugar market dynamics and Tongaat Hulett's focus on domestic and regional markets with a realignment in the EU market. They further detail the opportunity that exists for Tongaat Hulett to capitalise on its existing available milling capacity, low-cost incremental sugar production and the reduction of costs.

GLOBAL SUGAR MARKETS AND PRICES - FIVE YEARS OF SURPLUSES

Following five years of surplus production, world prices are substantially below the levels required for sustainable farming and sugar production. The three major sugar-producing areas of the world are under severe pressure at these price levels and are seeking increased government support.

- On the demand side, global demand for sugar has been consistently rising at some 2 percent per annum, equal to some 4 million tons of additional demand each year. Growth in global consumption is primarily driven by increasing demand in developing countries, which historically have a low per capita consumption rate as a result of limited availability, affordability and distribution capability.
- Increases in sugar prices can happen rapidly based upon emerging farmer behaviour and weather patterns. The trend of declining prices over the past three years is likely to increasingly impact negatively on the replanting of cane and the extent of fertiliser and other inputs that are used by farmers, which in turn will affect future production. The Indian sugar industry is an example of the impact of sustained lower global sugar prices where currently millers owe farmers some US\$3,2 billion in overdue sugarcane payments.
- The probability of sizable investments in sugarcane growing and milling assets being triggered, at current pricing levels, is remote.



DOMESTIC MARKETS, WITH SUPERIOR REALISATIONS, REMAIN THE PRIMARY FOCUS FOR MAXIMISING THE VALUE THAT CAN BE EARNED FROM SUGAR

In the domestic sugar markets in which Tongaat Hulett operates, governments have increasingly acted positively to protect local producers and growing communities against imports from surplus producers.

- In Zimbabwe, sales in the domestic market reacted positively to the import protection measures that were implemented despite trying macro-economic conditions.
- Sales over the past year in Mozambique were negatively affected by the delay in implementing enhanced import tariffs. This heightened the awareness of all relevant parties and enabled good progress to be made towards improving local market protection, which now appears imminent.
- In South Africa, the reference price for determining the variable duty on imported sugar increased from US\$358 per ton to US\$566 per ton in April 2014.

The company continues to implement and support actions that are aimed at making certain that, as far as possible, import tariffs and other control measures such as import permits exist and are effective.

- Multiple actions are being undertaken which include lodging an application in South Africa for an increase in the reference prices for sugar and continuing to engage the government in Mozambique to implement the enhanced market protection measures that were proposed last year.
- Measures continue to be implemented to strengthen non-tariff barriers as well as to actively monitor imports and adherence to import protection measures, thereby establishing domestic market prices that support the development of sustainable cane-growing communities.

Domestic market sales will increasingly benefit from population growth and economic development.

- Strategies to achieve sales growth include presenting product solutions that will allow all consumers to afford sugar in the monthly grocery basket and developing new routes to markets so that more consumers have access to sugar. This is particularly relevant where low levels of per capita consumption are evident, as is the case in Mozambique where demand is at a low 8kg per person per year as compared to neighbouring countries that are at 30-35kg.
- Zimbabwe per capita consumption of 21kg is lower than where it traditionally has been and changes to pack sizes and improvements in product availability are some of the actions underway to increase domestic consumption.

Tongaat Hulett continues to develop its premium Hulett's®, Hulett's SunSweet®, Blue Crystal® and Marathon® sugar brands in the domestic and regional markets to drive the value extracted from the premium-priced domestic markets. Hulett's® has been classified as one of the top five Icon Brands in the ASK AFRICA survey over the past three years, attaining third place in the 2014/15 survey as well as being rated as the top brand in the sugar category.

ASK AFRICA ICON BRANDS 2014/15 TOP 10 MOST USED BRANDS

1. ALL GOLD TOMATO SAUCE
2. KOO BAKED BEANS
3. HULETT'S SUGAR
4. ALBANY BREAD
5. COCA COLA
6. SUNLIGHT DISHWASHING LIQUID
7. ROBERTSONS SPICES
8. NOKIA
9. TASTIC RICE
10. BLACK CAT PEANUT BUTTER

TONGAAT HULETT HAS THE FLEXIBILITY TO RAPIDLY ADJUST EXPORT DESTINATIONS AND MARKET POSITIONS

Sales by Tongaat Hulett into the regional markets have been flat over the past two years.

- Tongaat Hulett has more than 30 years' experience in the markets of south and south eastern Africa.
- In the past year Tongaat Hulett sold some 93 000 tons of sugar from its South African business to multiple African markets predominantly in eastern and south eastern Africa. Volumes were in line with the prior year's performance.
- Although sales values fell in tandem with global prices, premiums remained firm despite softening freight costs from competitive origins. The business also benefitted from the weakening of the Rand.

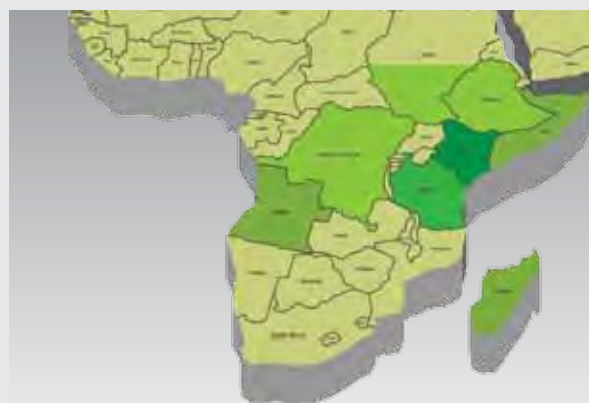
Tongaat Hulett is expanding its sales into the regional deficit markets to include sugar produced in Mozambique and Zimbabwe.

- Existing alliances are being deepened to better penetrate the markets more rapidly with increased volumes.
- Options to move down the value chain by establishing local packing, selling and distribution capabilities, similar to operations in Botswana and Namibia, are being developed.
- The company's premium brands, already present in African markets, will be leveraged to further develop market penetration.

Tongaat Hulett has the ability to switch supply between the most favourable destination markets.

- The business priority remains to first utilise installed existing capacity to supply increasing demand in its countries of operation before considering other markets.
- The developing flexible capability to rapidly select the most favourable export markets will serve to maximise sales realisations.
- The current market mix will be gradually adapted to achieve an optimal balance between the EU and the regional deficit markets.

DEMAND IN THE DEFICIT MARKETS OF EAST AND SOUTHERN AFRICA



Country	Tons ('000)		
	2014/15	2018/19	Increase
Burundi	41	50	9
Eritrea	106	128	22
Ethiopia	600	693	93
Kenya	820	992	172
Rwanda	51	77	26
Somalia	327	395	68
South Sudan	105	127	22
Angola	372	460	88
DRC	410	489	79
Madagascar	168	206	38
Total	3 000	3 617	617

- Annual demand for sugar in eastern and southern Africa is currently 8,5 million tons, while production in this region is 7,6 million tons. Demand for sugar is expected to grow by some 1,5 million tons sugar over the next four years, of which more than 40 percent will arise in markets that have a deficit of supply over demand. Concrete signs of significant new milling and cane growing capacity being created to fill the expected growth in the region are yet to emerge.
- Deficit markets where sugar production is absent tend to be valued for sellers at international market prices plus a premium to reflect relative geographical advantage and differential risks. Deficit markets where production is less than demand tend to be more complex in nature and often subject to import barriers that do not allow the importer to benefit from the protection afforded to the local sugar producers. All sugar producing countries in the region are reviewing and strengthening the measures to ensure that domestic markets are secured for the benefit of local farming communities.
- Tongaat Hulett's sugar operations are well placed to supply the deficit markets.

REALIGNING TONGAAT HULETT'S EU STRATEGY

Prices in the EU market are declining and are increasingly moving in tandem with world market prices as the end of the current regime on 30 September 2017 approaches.

- The value associated with the ongoing duty free access afforded by the EU to countries including Mozambique and Zimbabwe has been declining over the past 24 months.
- EU values still present a premium, albeit variable, to world market realisations as the supply-side dynamics post-October 2017 continue to emerge.
- EU prices are likely to be at a considerable premium to world prices in times of sugar deficits.
- Lower shipping costs from southern Africa to some EU destinations, when compared to internal EU logistics costs, will continue to provide a premium selling price to raw sugar sellers. Tongaat Hulett will be able to take advantage of these premiums by reason of the continued preferential access to the EU sugar market that is available to the business.



- Tongaat Hulett is flexible and is steadily readjusting its market mix away from the EU to regional markets so as to achieve a better balance between end-market destinations. Sales volumes for 2014/15 into the EU were 34 percent less than the prior year and are expected to be at a similar level in the coming year.

REDUCING THE COST OF SUGAR PRODUCTION - LOWEST-COST QUARTILE OF WORLD SUGAR PRODUCERS

Brazil is often referred to as the lowest-cost large-scale sugar producer globally, producing some 38 million tons sugar annually out of global production of some 180 million tons. India and the EU, which recently produced some 31 and 20 million tons of sugar respectively, are higher-cost sugar producers (second and third quartile respectively of the top 68 producers globally that produce 79 percent of global production*). Thailand, which produces some 12 million tons of sugar annually is positioned in the lowest-cost quartile*. Zimbabwe and South Africa are positioned in the same

lowest-cost quartile of global producers. Tongaat Hulett's Mozambique operations are moving into the lowest-cost quartile.

The intense drive to further decrease costs across Tongaat Hulett's operations is rigorous and relentless, with substantial reductions having been achieved over the past two years.

- There is a particular focus on costs related to bought-in goods and services, transport, marketing, salaries and wages. These costs currently total some R5,2 billion across all the operations. Over the past two years, an effective cost reduction equivalent to R950 million in money of today has been achieved. This is calculated after adjusting for indicative price increases, salary and wage rate increases and inflation over the two years applicable to these costs.
- Unit costs of sugar production benefit substantially from growth in volumes and better yields, as milling costs and many of the agricultural costs per hectare are mostly fixed. Some 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. Loading and transport costs are mainly volume and distance related. Mills are generally supplied by sugarcane that is farmed within a 100 kilometre radius.
- Going forward, the focus is on further reductions to the aforementioned R5,2 billion cost base, following the successful reductions achieved over the past two years.

GROWING SUGAR PRODUCTION BY SWEATING THE EXISTING ASSETS - MARGINAL COST OF ADDITIONAL SUGAR PRODUCTION FROM EXISTING HECTARES UNDER CANE IS 4 TO 6 US CENTS PER POUND

Tongaat Hulett has more than 2,1 million tons of installed sugar milling capacity. In the past four years, it has increased its sugar production by just over 300 000 tons to 1,314 million tons.

The business's sugar production for the 2014/15 season was primarily impacted by the low rainfall in South Africa during the current year and the low dam levels in Zimbabwe during the 2013/14 year.

- The dry conditions which commenced in KwaZulu-Natal during early 2014 continued throughout the year and resulted in a 93 000 ton decline in sugar production in South Africa. The negative impact on sugar production in 2014/15 was substantially offset by Tongaat Hulett's ongoing sugarcane planting initiatives, which have resulted in almost 29 000 hectares being planted to cane over the past four years.
- In Zimbabwe, lower sugarcane yields arising from lower irrigation being applied in the previous season and less sugarcane being available for harvesting (less sugarcane could be planted due to the water constraints in the previous season) were the major factors in the reduced sugar production for the year. In addition, the business did not receive any sugarcane supplies from the Chisumbanje Estate.

* Per the LMC International Sugar and HFS Production Costs - Global Benchmarking 2015 Report

Tongaat Hulett sugar production	2010/11	2012/13	2013/14	2014/15	2015/16 Early estimate	2015/16 Had growing conditions been regular
South Africa	455 000	486 000	634 000	541 000	<421 000	720 000
Zimbabwe	333 000	475 000	488 000	445 000	470 000 - 485 000	525 000
Mozambique	164 000	235 000	249 000	271 000	273 000 - 290 000	290 000
Swaziland (RSE)	54 000	58 000	53 000	57 000	55 000 - 59 000	59 000
Total production	1 006 000	1 254 000	1 424 000	1 314 000	< 1 255 000	1 594 000

Tongaat Hulett's sugar production for 2015/16 could have been close to 1,6 million tons of sugar, had growing conditions been regular. In current conditions, it is expected that sugar production will be lower than 1,255 million tons for the year. This is mainly as a result of ongoing severe drought conditions on the north coast of KwaZulu-Natal.

- Sugar production in South Africa is likely to be below 421 000 tons sugar, which is the lowest production by this operation for an extended period of time. In light of the ongoing impact of the drought, the Darnall mill, which was initially scheduled to begin crushing later in the season, will probably not open for the 2015/16 season.
- This lower sugar production will result in lower export sales into the region.

Going forward, the priority remains to increase sugarcane supplies through the appropriate balance of a combination of improved cane yields, sugar recoveries and additional hectares under cane. There is an emphasis on vertical growth (in other words, yield improvements) in cane supply, which has a very low cash cost.

- The focus remains on increasing the sugar that is contained in and extracted from the cane stalk, through improved farming practices, suitable fertiliser 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 existing and emerging opportunities for cane development, to prioritise the establishment of indigenous black farmers in collaboration with communities, local governments and other relevant stakeholders, in all areas of operation.

Given the low marginal cost that the business has of producing additional sugar from its existing installed assets, Tongaat Hulett has set as an objective to produce more than 1,8 million tons of sugar per annum.

- A key driver of producing additional tons of sugar from the 2014/15 base is a return to regular growing conditions, which can contribute 37 percent of the increased production. In the South African context, Tongaat Hulett is proactively seeking opportunities to increase the extent of sugarcane land that is irrigated and discussions with the relevant government departments regarding the building of a dam on the Matigulu River in northern KwaZulu-Natal are ongoing. The dam will provide drinking water for surrounding communities and the development of an irrigation scheme which has the potential to provide water for a further 4 500 hectares of sugarcane.
- Yield improvements from the same hectares and better mill performance, specifically around sugar recoveries, will contribute a further 33 percent of the increased sugar production.
- The remaining 30 percent will be driven by additional sugarcane that will either come from land that has already been planted to sugarcane, and is still to be harvested, or land that will still be planted to cane. In instances where more land will be planted to sugarcane, the primary objective is that this investment will be funded by third parties, with a good example of this being the South African sugar operations where additional hectares are being funded through cash received from the Jobs Fund.

Tons raw sugar	2014/15 Actual	2018/19 Target	Growth will come from		
			Regular growing conditions	Yield and sugar recovery improvements	Additional hectares: New cane already planted, net of cane losses and future planting partially grant funded
South Africa	541 000	847 000	42%	20%	38%
Zimbabwe	445 000	606 000	34%	45%	21%
Mozambique	271 000	307 000	11%	76%	13%
Swaziland (RSE)	57 000	61 000	25%	75%	-
Total	1 314 000	1 821 000	37%	33%	33%
70%					

SUCCESS OF THE SOUTH AFRICAN SUGAR INDUSTRY

The long-term sustainability of the South African sugar industry lies in ensuring that the reward for growing sugarcane is sufficiently attractive to retain current commercial and small-scale farmers and to encourage the expansion of areas that are planted to sugarcane, thereby ensuring that milling assets are fully utilised.

The sugar industry in KwaZulu-Natal currently provides support via direct employment, indirect employment and dependents to some 860 000 people in a province of 10,7 million people.

- The region has one of the largest proportions of rural people with some 54 percent of the population living in rural communities while the national average is 34 percent.
- The industry's current total revenue of R12,7 billion per annum has significant potential to positively impact the rural population of KwaZulu-Natal through job creation.
- 87 percent of the farmers registered with the South African sugar industry are defined as small-scale farmers who reside in KwaZulu-Natal. These small-scale farmers currently supply just under 1,5 million tons of sugarcane per annum and there is significant potential to grow this to some 6 million tons per annum. In addition, the extent of land under sugarcane currently being farmed by land reform farmers can increase significantly.

Ensuring an improvement in the value of sugarcane requires that a number of strategic interventions are implemented and these "levers" are generally categorised as follows:

- **Productive farming and milling** - The objective remains that Tongaat Hulett and the farmers that supply sugarcane to its mills will continue to operate as competitively as possible. In an effort to support the activities of the farmers supplying its operations, the business's Cane and Rural Development Unit (CRDU) is continuing to provide farming and other relevant support to emerging small-scale and land reform farmers, with the objective that in the medium term, these farmers will have the necessary skills to maximise their sugarcane yields. Productivity initiatives for commercial private farmers include the seed cane subsidy, replant assistance scheme and ripening scheme.
- **Local market protection** - A key requirement of ensuring the long-term sustainability of the industry, and particularly small-scale and land reform farmers, is local market protection. A new application for an increase in the reference price on which the import tariff is based is currently in progress. This application should be viewed within the context of the current local brown sugar price (ex-mill) of 25 US cents per pound competing with the Malawian and Zambian equivalent prices of 41 US cents per pound and 33 US cents per pound respectively.

- **Direct support to small-scale and land reform farmers** - It has been established that small-scale and land reform farmers are only 8 to 10 percent less competitive than commercial farmers, provided that they are assisted with good quality roots that are planted correctly. The largest cost involved in establishing new sugarcane is the initial root planting exercise. It is therefore essential that government, through its various agencies, supports this initial input to allow for the establishment of new small-scale and land reform farmers. The government's willingness to do this has been demonstrated through the Jobs Fund grant funding, along with a number of other programs. Tongaat Hulett will continue to develop sources of funding for small-scale and land reform farmer development, including further funding applications from the Jobs Fund. Government support for other elements of community development will continue to be unlocked. This includes infrastructure development, such as dams for potable water and irrigation.
- **Ethanol** - The sugar industry is working with government on a biofuel framework which would seek to divert most export sugar to the production of ethanol, which would add substantial value to this sugar component of the cane price.
- **Electricity generation** - The fibre in cane has traditionally been burnt in the sugar mill to produce only sufficient electricity and steam to run the milling complex. The opportunity to convert the energy within the fibre more efficiently, along with the sale of electricity to the national grid at an attractive price, immediately introduces a new revenue stream from cane, effectively improving the cane price. The impact that electricity generation can have on the value of the fibre in the sugarcane stalk is significant and has the potential to substantially enhance the agricultural value chain and hence the viability and profitability of farmers. After a lengthy development period, the Request For Bids for electricity under the co-generation IPP Procurement Programme was made available on 4 June 2015. The first phase of this program is aimed at short-term, quick implementation projects. A second phase, tailored for the larger, more complex sugar industry type projects is likely to follow.

A reasonable degree of success in some or all of the above elements will secure the future of the South African industry and allow players to reinvest in the business at an attractive level of return. Improved viability of the sugarcane value chain, particularly the small-scale and land reform farmers, will have a significant impact on the quality of life of people in the region, particularly people living in rural areas.





MOMENTUM IN LAND DEVELOPMENT

Tongaat Hulett is unlocking increasing value and cash flow from its land portfolio of 8 091 developable hectares in KwaZulu-Natal, capitalising on the multiple demand drivers increasingly evident in the context of this land and an increase in shovel ready land.

The value created per hectare of land sold is increasing with the steadily improving land conversion platform and varies with usage and location. A total of R1,9 billion profit has been earned over the past two years from the sale of 367 developable hectares.

The Portfolio of Land for Conversion in KwaZulu-Natal was, for the first time, detailed in the 2014 integrated annual report. This document has been considerably expanded upon since, and is circulated in hard copy accompanying this report and is also available at www.tongaat.com.



The purpose of the expanded document is to communicate to a wide range of stakeholders the extent to which the portfolio's scale and location, linked to the company's activities in growing the agricultural base of rural KwaZulu-Natal and combined with collaborative long-term strategic planning and catalytic investment in urban land use design, infrastructure and market development, create the platform for a transformative impact on the value to be created from the land conversion process.

Successful conversion of land to its best and most effective use near a major city such as Durban or in an area with natural endowments such as the north coast of KwaZulu-Natal is an important opportunity for business and government to collaborate to create and unlock value. It is major enabler of regional competitiveness, investment, economic development and social delivery. Larger areas of the business' landholdings are benefitting from the ever-increasing collaborative long-term strategic planning and catalytic investments in urban land use design and infrastructure that is ongoing with a wide range of entities at local, provincial and national government level. It is pleasing that 39 percent of the total land portfolio is now well advanced in the latter stages of the processes towards becoming shovel ready, defined as a state where within a short space of time and with a high level of certainty, physical work on both infrastructure and buildings could commence.

The portfolio document provides commentary on seven major demand drivers, namely high-intensity urban mixed use, various housing markets, high-end markets, residential services, the office market, the warehousing, industrial and associated market and unique clusters of opportunity. These are expected to drive substantial demand for land as ever more effective and collaborative focus is brought to bear on positioning the portfolio's attractiveness to these users and addressing their requirements.

Effective exploitation of the demand drivers, together with the progress being made in bringing more of the portfolio to a shovel ready state, leads to the following possible five-year

sales outcomes targeted to come primarily out of 3 801 developable hectares in key focus areas tabulated and described in the land portfolio document:

DEMAND DRIVER		RANGE OF DEVELOPABLE HECTARES		RANGE OF PROFIT PER DEVELOPABLE HECTARE (Rmillion)	
		from	to	from	to
High-intensity urban mixed use		80	150	22,0	35,0
Housing markets	Mid-market housing	125	175	3,5	6,0
	Affordable housing	20	150	2,5	3,8
	Government-subsidised housing	200	722	2,0	2,4
High-end markets	High-end city hotels and residences	4	16	12,0	25,0
	Coastal Resorts catering to domestic, charter and incentive markets	10	50	3,5	5,0
	High-end residential developments	20	50	6,0	9,0
Residential services		15	66	3,8	6,0
Office market		7	50	6,0	15,4
Warehousing, logistics, industrial, business park, manufacturing and big box retail		150	350	6,0	9,5
Unique clusters of opportunity		4	200	4,0	7,5



Good progress is being made towards achieving these five-year sales outcomes, with some 635 developable hectares currently at a stage where commercial negotiations and sales processes have commenced or are about to commence. These are provided in the following table. Each tabulated item is

described in detail and in a standardised format in the portfolio document, giving details of the land location and extent, current status, as well as, a description of the opportunity, land use and commercial process being pursued.

LAND WHERE COMMERCIAL NEGOTIATIONS HAVE COMMENCED OR ARE ABOUT TO COMMENCE

AREA		Dev Hectares	Primary Demand Drivers
DURBAN TO BALLITO	URBAN GROWTH AND CONSOLIDATION - UMHLANGA REGION	406	
	Ridgeside Remaining Precinct 1 and 2	42	High-intensity urban mixed use, high-end residential, hotels, hospitality and other tourism
	Umhlanga Ridge Town Centre - Commercial	1	High-intensity urban mixed use, prime mid-market to high-end residential, city hotels with residences, premium grade corporate offices
	Izinga/Kindlewood	36	High-end residential and residential amenities
	Umhlanga Ridge Town Centre Western Expansion - Cornubia	49	High-intensity urban mixed use, prime mid-market housing, premium and A-grade offices and business process outsourcing facilities, city hotels
	Cornubia N2 Business Park	2	Warehousing, logistics, industrial, business park, manufacturing, big box retail and offices
	Umhlanga Hills (Cornubia)	43	Affordable to mid-market, medium to high-density residential, with associated residential services
	Marshall Dam Residential (Cornubia)	12	Affordable to mid-market, medium to high-density residential
	Cornubia Integrated Residential	14	Affordable to mid-market, medium to high-density residential, with associated residential services
	Cornubia Industrial	7	Warehousing, logistics, industrial, business park and manufacturing
	Cornubia North Integrated Residential	200	Government subsidised, affordable, medium to high-density residential, with associated residential services
	COASTAL / LIFESTYLE / LEISURE / HIGH END RESIDENTIAL	97	
	Zimbali Lakes	48	Coastal property, high-end residential, resort and retirement, with possible unique clusters of opportunity
	Sibaya Node 1	49	High-end residential, city hotel and residences, resort, high-intensity urban mixed use, with possible unique clusters of opportunity
	AIRPORT REGION BUSINESS AND RESIDENTIAL	122	
	uShukela Drive	49	Warehousing, logistics, industrial, business park, manufacturing and warehouse retail, with possible unique clusters of airport-related opportunity
	Compensation (East)	73	Warehousing, logistics, industrial, business park, manufacturing and warehouse retail, with possible unique clusters of opportunity
	REMAINING SITES ON NEARLY COMPLETED DEVELOPMENTS	10	
	Bridge City	10	High-intensity urban mixed use incorporating retail, offices and housing
	TOTAL	635	

SOCIO-ECONOMIC POSITIONING

Tongaat Hulett has developed and continues to build on its long-standing constructive relationships with rural communities, governments and other key stakeholders. This current profile is of relevance, given the importance of playing a more meaningful role in terms of its interface with government and society. The business is in the fortunate position that it has, in the recent past, demonstrated significant contributions to the development of rural and urban areas as it grows its partnerships with communities, governments and other key stakeholders. The following aspects are some of the key foundations on which the company can further develop its relationship with governments and society.

TONGAAT HULETT'S ONGOING PARTNERSHIPS WITH RURAL COMMUNITIES, THROUGH ITS CANE EXPANSION INITIATIVES, RESULTED IN R835 MILLION BEING PAID TO INDIGENOUS FARMERS IN MOZAMBIQUE AND ZIMBABWE. IN SOUTH AFRICA, THE BUSINESS IS CURRENTLY WORKING IN NUMEROUS TRADITIONAL AUTHORITY AREAS TO DEVELOP SMALL-SCALE AND LAND REFORM FARMERS

- In Mozambique, the number of small-scale indigenous farmers has grown from 249 in the 2007/08 season to 2 018 in 2014/15. During this time, sugarcane received from these farmers has grown from 45 528 tons to 414 820 tons. As a consequence of this growth, some R61 million was paid to small-scale farmers in the 2014/15 season.
- Tongaat Hulett is actively involved in 21 Traditional Authority areas in South Africa through various agricultural and socio-economic development initiatives. Standout examples illustrating the development impact of these programmes are the Mbongolwane, Mvuzane, Vuma and Kholweni Traditional Authorities. Over a four-year period, Tongaat Hulett has contributed to the transformation of the agricultural sectors of these communities. By the end of the 2015/16 season, approximately 4 600 hectares of new sugarcane will be developed for eight primary cooperatives, through the innovative Simamisa model. Upon completion, a total investment of R132,6 million in sugarcane development (funded by Tongaat Hulett and the Jobs Fund) would have been made, and will result in the annual employment of 1 000 individuals and approximately 185 000 tons of additional sugarcane production.
- In Zimbabwe, Tongaat Hulett, together with the government and local communities, continues to work on the orderly development of sustainable indigenous private farmers in the south-eastern Lowveld. During 2014/15, R774 million was paid to indigenous private farmers who have been supported and developed through the SUSCO project. Going forward, the business together with government and local communities, is working towards the development of a further 3 390 hectares.
- The starch operation is the third largest purchaser of maize in South Africa, and therefore is well positioned to influence and play a leading role in the transformation of the maize industry, as well as increasing the supply of maize in southern Africa.



DEVELOPING AND IMPLEMENTING A PORTFOLIO OF LAND AND PROPERTY DEVELOPMENT APPROACHES THAT IS ACCELERATING THE ECONOMIC AND SOCIAL DEVELOPMENT OF KWAZULU-NATAL

- Tongaat Hulett's collaboration with numerous government, business and society groupings in converting agricultural land to optimum urban and tourism uses in KwaZulu-Natal is contributing to intensive and integrated urban development. This leads to increased investment, infrastructure, well-located and serviced housing and job creation in the key growth corridors north and west of Durban and on the coast north of Ballito.
- Ongoing progress in increasing the supply of zoned and serviced land to accommodate investment demand is enabling Tongaat Hulett to work with a wide range of stakeholders to develop promising market segments, underpinned by a range of demand drivers.
- Tongaat Hulett has identified a number of demand drivers for the accelerated conversion of its portfolio of agricultural land to urban and tourism uses. Such land conversion is a critical aspect of Tongaat Hulett's strategy of creating viable rural areas in KwaZulu-Natal through cane and rural development, while proactively converting agricultural land to other uses when appropriate to accommodate accelerating urbanisation and economic development.
- Two key demand drivers identified are affordable and government-subsidised housing. Building on the successful collaboration and growing momentum in Cornubia, Tongaat Hulett has identified a further 930 developable

hectares, which have the potential to yield over 90 000 housing units. This will contribute significantly towards addressing the current backlog of over 400 000 housing units in eThekweni Municipality required to accommodate low-income households (roughly defined as those having a monthly household income of under R7 500). Government at all levels has identified this as a key priority and is the primary implementing agent for the accelerated delivery of housing to address this market. It is likely that sales in these areas could be large and take place before the land is shovel ready. In addition to this market, there is a substantial backlog and increasing demand for affordable housing to accommodate households with a monthly household income of between R7 500 and R20 000. Servicing this market requires well-located land close to job opportunities and public transport and appropriately high densities. Over time, this could require more than 1 000 developable hectares at a take-up rate of up to 60 hectares per annum.

- Tongaat Hulett is proactively seeking to address this market using its unique ability to bring suitable land to the market at scale, combined with appropriate collaboration with a number of role-players, including government (particularly local government), large developers, employers and financial institutions.

2007 BEE TRANSACTION

As part of the company's Broad-Based Black Economic Empowerment deal in 2007, the Ayavuna and Sangena consortiums (rural communities via the Masithuthukisane and Mphakhathi trusts) and company employees (via the ESOP and MSOP trusts), obtained voting and shareholder rights in Tongaat Hulett (see page 94 for further information).



STRIVING TOWARDS ESTABLISHING AN ORGANISATIONAL SAFETY CULTURE WITH A 'ZERO HARM' APPROACH AND VALUES THE HEALTH OF ITS PEOPLE, WHILE LIMITING HARM TO THE ENVIRONMENT

The prevention of harm to people and the environment remains a core value of Tongaat Hulett's business operating principles. Safety, Health and Environmental (SHE) issues are entrenched in the sustainability framework being driven through the 'zero harm' campaign. The company has stepped up stakeholder engagement initiatives resulting in employees, contractors, suppliers, service providers, farmers and members of surrounding communities being more involved in various SHE programmes, thereby enhancing Tongaat Hulett's SHE culture across the rural communities that surround its operations.

The safety and the welfare of all employees, which amounts to some 34 000 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 achieved a Lost Time Injury Frequency Rate (LTIFR) of 0,085 per 200 000 hours worked in 2014/15. This was the company's best safety performance since the formal introduction of SHE management systems. Improvements in this area have been driven by the following key factors:

- Tongaat Hulett has a mature safety management system that provides for a sophisticated risk management programme.
- 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. This is supported by a management team that demonstrates visible felt leadership.

- A comprehensive safety training program at all levels of the organisation is in place and safety awareness campaigns are extended to members of the surrounding communities in the spirit of influencing safe behaviour beyond the workplace.
- Contractor management controls were stepped up to ensure that safety standards are aligned and adhered to.

The ongoing progress in the area of safety was further demonstrated by the Xinavane and Triangle operations which exceeded 26 million and 22 million Lost Time Injury (LTI) free hours respectively.

Regrettably, one employee and one contractor employee lost their lives, in two separate incidents. Fortune Mufudze, an employee from Hippo Valley was killed while cleaning a sugar spillage along a conveyor belt and Hopewell Mahlanze, a service provider employee, was fatally injured after falling from a platform at the Amatikulu mill.

Tongaat Hulett has malaria control programmes in place at all of the operations where this is required. During the 2014/15 year, the actions underway in the Mozambique operations contributed to a 23 percent reduction in the number of malaria cases reported.

Tongaat Hulett continued to make progress in the area of its environmental reporting and, currently, 17 out of the business's 19 operations are certified to the ISO 14001 environmental management system with the remaining two being at an advanced stage of implementation.



SOCIAL SUSTAINABILITY AND INNOVATION

Tongaat Hulett's evolution in the priority area of social sustainability demonstrates innovation in a number of areas. This includes a holistic approach to socio-economic development and corporate social responsibility.

- Social sustainability and innovation are fundamental to the business as Tongaat Hulett seeks demonstrable and practical outcomes to achieve positive social transformation, environmental stewardship and community upliftment.
- Tongaat Hulett continues to embrace good corporate governance by adhering to legal and accepted business practices as embodied in the principles of King III. The company continues to uphold the principles of corporate social responsibility by demonstrating its commitment to philanthropic and empowerment initiatives within the communities in which it operates.
- Tongaat Hulett has a substantial land footprint with some 120 000 hectares of private land under maize supplying the four starch operations. In Mozambique, South Africa, Swaziland and Zimbabwe, more than 190 000 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.
- The business's participation in various sustainability reporting initiatives, including the Carbon Disclosure Project (CDP), the CDP Water Disclosure Project, the Nedbank BGreen Exchange traded Fund and its inclusion in the JSE's Social Responsibility Investment (SRI) index for the eleventh consecutive year are testimony to Tongaat Hulett's approach to sustainable value creation for stakeholders.



SUMMARY OF EXPECTATIONS FROM KEY FOCUS AREAS

FOCUS AREA	PROGRESS TO DATE
GROWING STARCH AND GLUCOSE <ul style="list-style-type: none"> Producing higher-margin products Use installed milling capacity to grow production. 15% upstream capacity available 	<ul style="list-style-type: none"> 8 consecutive years of earnings growth Local sales growth of 4% in the current year Coffee and coffee creamer sector growth of 15% over the past 2 years Commercialisation of modified starch range of products Good progress in plant efficiency improvement
INCREASING RETURNS FROM THE EXISTING SUGAR ASSET BASE MAXIMISE VALUE EARNED FROM SALES <ul style="list-style-type: none"> Primary focus on domestic markets Flexibility between the EU and regional markets as sales destinations 	<ul style="list-style-type: none"> Improved local market protection for South Africa and Zimbabwe Heightened awareness of the need for local market protection in Mozambique Improvements to pack size and product availability in Zimbabwe 34% volume reduction in sales to the EU market in 2014/15 compared to 2013/14 Well established platform in the regional market with sales of some 100 000 tons per annum in the past three year
GROWING SUGAR PRODUCTION WITH SUBSTANTIALLY REDUCED UNIT COSTS <ul style="list-style-type: none"> Lowest cost quartile of world sugar producers Increased production from the 2,1 million tons of milling capacity available Primarily vertical expansion - more sugarcane produced from the same hectares Horizontal expansion (plant more cane) funded by development and grant funding 	<ul style="list-style-type: none"> Effective cost reduction equivalent to R950 million in money of today, achieved over the past two years With the cane available from improved agricultural practices and the additional hectares planted, in regular growing conditions, production in 2015/16 would have been expected to be 1,6 million tons compared to the 1,0 million tons in 2010/11 <ul style="list-style-type: none"> In South Africa - 28 687 hectares planted to cane over the past 4 years In Mozambique - 57% improvement in yields since 2008 At 1,6 million tons of sugar production and with the cost reductions achieved thus far, costs of production would have been below the EU and India, the second and third largest sugar producers in the world
MOMENTUM IN LAND DEVELOPMENT <ul style="list-style-type: none"> Portfolio of land for conversion Substantial profit and cash flow with optimal outcome for all stakeholders 	<ul style="list-style-type: none"> Total portfolio of 8 091 developable hectares in prime growth corridor 2013/14 - R1 080 million from the sale of 259 developable hectares 2014/15 - R829 million from the sale of 108 developable hectares
SOCIO-ECONOMIC POSITIONING <ul style="list-style-type: none"> Strong platform based on track record and experience within socio-economic context Critical internal and external relationships empowering stakeholders and promoting development 	<ul style="list-style-type: none"> In South Africa - 7 175 direct jobs created over the past 4 years through new planting of cane In Zimbabwe - 857 indigenous private farmers, employing some 7 300 people and farming on 15 880 hectares In Mozambique - 2 018 indigenous farmers supplied 415 000 tons of cane during the current season Success of Cornubia Integrated Human Settlement providing a replicable model to respond to government's affordable housing demand driver and spatial development objectives

EXPECTATIONS GOING FORWARD

- R120 million investment in downstream coffee creamer sector to support growth in this sector - available October 2015
- Focus on enhancing market mix and the development of new product portfolios to maximise contribution and increase capacity utilisation
- Optimise production capacity and downstream channels - improve overall plant utilisation
- Improving plant efficiencies and reducing manufacturing costs
- Increased regional presence - supporting customers and direct export sales growth

- Substantial increase in the import tariff level in Mozambique
- Second tariff application in South Africa underway
- Consumption growth in Mozambique and Zimbabwe
- Further development of Tongaat Hulett's premium sugar brands in domestic and regional markets
- Improved sales realisations in the EU and regional markets that are linked to the world price

- 2018/19 target - 1,8 million tons in sugar production, driven by
 - Return to regular weather conditions (37%)
 - Additional hectares under cane (30%)
 - Yield and sugar extraction improvements (33%)
- Further substantial cost reductions on the current bought-in goods and services, transport, marketing, salaries and wages base of R5,2 billion
- Irrigated cane supplies in South Africa increase from 13% to above 20%
- Additional water available from the Tokwe Mukorsi dam in Zimbabwe
- Operations firmly placed within the lowest cost quartile of world sugar producers

- Prioritise the sale of 635 developable hectares where commercial negotiations have commenced or are about to commence
- The possible 5-year sales outcome, as per the table in the land portfolio document

- Objective to plant 22 500 hectares to cane in South Africa over the next 3 seasons that will create 5 625 direct jobs
- Plant a further 3 390 hectares to cane in Zimbabwe that will create 166 new private farmers
- Contribution to economic growth and development of KwaZulu-Natal through land conversion activities
 - Play a significant role in alleviating the backlog in affordable and mid-income housing
- Continued focus on empowerment, diversity, employee development and performance management within a sound corporate governance framework

FINANCIAL AND OPERATIONS REVIEW FOR THE YEAR ENDED 31 MARCH 2015



Financial capital

R16,155
BILLION

REVENUE
+2,8% (2014: R15,716 BILLION)

R2,089
BILLION

OPERATING PROFIT
-12,0% (2014: R2,374 BILLION)

R2,533
BILLION

CASH FLOW FROM OPERATIONS
+16,6% (2014: R2,173 BILLION)

R829
MILLION

LAND CONVERSION PROFIT
FROM 108 DEVELOPABLE HECTARES

1,314
MILLION TONS

SUGAR PRODUCTION
31% GROWTH OVER THE PAST 4 YEARS

R561
MILLION

STARCH OPERATING PROFIT
GREW BY 16,4%

R945
MILLION

HEADLINE EARNINGS
-14,6% (2014: R1,106 BILLION)

380
CENTS PER SHARE

ANNUAL DIVIDEND
+5,6% (2014: 360 CENTS PER SHARE)

The results for the year ended 31 March 2015 were attained in difficult conditions in the sugar industry and with a number of positive achievements by Tongaat Hulett in terms of cost reductions, securing local markets and future cane supplies. The starch operations again delivered a strong performance. Land conversion and development activities continue to unlock substantial value, albeit with operating profit recognised in the year being below that reported last year. Overall, with revenue of more than R16 billion, operating profit of R2,089 billion was earned, reflecting a 12 percent reduction compared to the previous best of R2,374 billion earned last year.

OPERATING PROFIT FROM THE VARIOUS SUGAR OPERATIONS TOTALLED R806 MILLION (2014: R908 MILLION). THE BENEFIT OF COST REDUCTIONS OVER THE PAST TWO YEARS, INCREASED LOCAL MARKET SALES IN ZIMBABWE, TOGETHER WITH THE NEGATIVE CANE VALUATION EFFECT RECORDED IN THE INCOME STATEMENT LAST YEAR NOT BEING REPEATED THIS YEAR, WERE OFFSET BY A REDUCTION IN SUGAR PRODUCTION VOLUMES AND LOWER PRICES.

Sales volumes included the sale of sugar from previous season stocks in Zimbabwe. Revenue in Mozambique and Zimbabwe was impacted by a further substantial reduction in prices (4,7 US cents per pound, with a total impact of some R390 million) for exports into the EU. World sugar prices declined further, with global stock levels having increased following favourable weather conditions in many sugar production regions of the world. The overall cane valuation impact in the income statement was a positive R96 million this year (driven mainly by the increased areas under cane and new/replanting of roots), compared to a negative R153 million last year (when there was a large negative impact of sugar price reductions). Tongaat Hulett's sugar production for the year totalled 1,314 million tons compared to 1,424 million tons in the prior year.

The South African sugar operations, including the agriculture, milling, refining and various downstream activities, recorded





operating profit of R261 million (2014: R340 million). These operations, which previously increased sugar production substantially to 634 000 tons, saw sugar production this season reduce to 541 000 tons due to low rainfall in KwaZulu-Natal. The impact of the dry conditions has been partially mitigated by 11 554 hectares of new cane developments that were harvested for the first time this year. Local sales were below prior years, with various pressures in the market. Cost reduction actions have limited the cost of goods, services, transport, marketing, salaries and wages to an increase of 4 percent this year.

The Zimbabwe sugar operations' operating profit for the year amounted to R386 million (US\$35 million) compared to the R330 million (US\$33 million) last year. Local market sales volumes recovered significantly, with improved local market protection (tariffs and import licences) implemented earlier in the year and progress being made with distribution and marketing initiatives. The local market remains suppressed by the macro-economic conditions. Sugar production for the year was 445 000 tons (2014: 488 000 tons) as a consequence of no cane being diverted from the independent ethanol plant at Chisumbanje (39 000 tons sugar equivalent in the prior year) and after experiencing the impact of low dam levels for irrigation at the end of 2013, which only recovered in early 2014. The conversion of US dollar profits into Rands on consolidation was positively impacted by exchange rate movements. The cost of bought-in goods and services, salaries and wages was US\$11 million lower than the prior year and US\$51 million lower than two years ago, after absorbing input price, salary and wage increases.

The Mozambique sugar operations recorded operating profit of R130 million (2014: R168 million). Sugar production for the year increased to 271 000 tons (2014: 249 000 tons). The local market was significantly impacted by additional imports and this necessitated increased exports by local producers

at lower prices, with a negative R77 million profit impact on Tongaat Hulett. The cost of goods and services, salaries and wages was lower than two years ago by an amount of Mt165 million, which was the Rand equivalent of some R58 million, after absorbing price increases and substantial salary and wage increases. Sugar production has grown by 15 percent over the same period.

The Swaziland sugar operations reported operating profit of R29 million (2014: R70 million) as a result of the lower sucrose price as a consequence of a reduction in export prices into the EU. The Swaziland estates produced the raw sugar equivalent of 57 000 tons (2014: 53 000 tons).

THE STARCH OPERATION INCREASED OPERATING PROFIT TO R561 MILLION (2014: R482 MILLION), WITH IMPROVEMENTS IN THE SALES MIX, CO-PRODUCT RECOVERIES, CAPACITY UTILISATION AND PLANT EFFICIENCIES.

Domestic sales volumes grew by 4 percent, with increases in the coffee/creamer, confectionary and paper making sectors. Working together with customers, success has been achieved in increasing sales of products where demand is growing (locally and exporting into the rest of Africa) and recovering local market from imports. Starch and glucose processing margins were in line with the prior year.

LAND CONVERSION AND DEVELOPMENT ACTIVITIES GENERATED PROFIT OF R829 MILLION FROM THE SALE OF 108 DEVELOPABLE HECTARES (2014: PROFIT OF R1 080 MILLION FROM SALES OF 259 DEVELOPABLE HECTARES).

Sales came largely from Cornubia (industrial, business and retail) with an average profit of R8,2 million per developable hectare and Izinga/Kindlewood with an average profit of R6,3 million per developable hectare. Profit in Umhlanga Ridge Town Centre exceeded R25 million per developable hectare. The momentum on larger land sales has continued, with a single sale of 19 developable hectares in Izinga and a sale of 27 developable hectares in a new area of Cornubia. The sale of 42 developable hectares of highly valued land in Umhlanga Ridgeside, precincts 1 and 2, which was previously expected to be finalised by the end of March 2015, was not concluded in this financial year. Negotiations with four parties are at various stages, aimed towards reaching an imminent conclusion. The development proposals received for Ridgeside are confirming the value that has previously been attributed to the land.

CASH FLOW FROM OPERATIONS GENERATED R2,533 BILLION (2014: R2,173 BILLION), AN IMPROVEMENT OF SOME R360 MILLION, WITH A REDUCED CASH ABSORPTION IN WORKING CAPITAL. NET DEBT AT THE END OF THE YEAR REDUCED TO R3,992 BILLION WITH A R419 MILLION POSITIVE CASH FLOW AFTER DIVIDEND PAYMENTS.

Total net profit before the deduction of minority interests was R1,047 billion (2014: R1,227 billion) and headline earnings attributable to Tongaat Hulett shareholders amounted to R945 million compared to R1,106 billion last year.

A FINAL DIVIDEND OF 210 CENTS PER SHARE HAS BEEN DECLARED, BRINGING THE ANNUAL DIVIDEND TO 380 CENTS PER SHARE (2014: 360 CENTS PER SHARE).



LOOKING AHEAD

Tongaat Hulett has substantially enhanced its strategic positioning over the past few years and expects to continue to do so, focusing on multiple strategic thrusts, all with a positive impact on earnings and cash flow.

MORE FAVOURABLE SUGAR MARKETS IN COMING YEARS

The sustainability of farmers in the sugar industry throughout many parts of the world is under significant pressure at the low current world price and taking into account the substantial input cost increases over the past decade. This, together with possible variable weather conditions, is likely to exert downward pressure on global sugar production levels. Global sugar consumption is predicted to continue to grow at a rate of some 2 percent per annum, with most of this growth coming from low per capita consumption developing countries. There are predictions for sugar demand growth in southern and eastern Africa of some 30 percent over the next six years. The current surplus global stock levels have also been putting pressure on local and regional prices, as well as the EU market, amplified by the EU market reforms. Tongaat Hulett is steadily shifting export sales from the EU to regional deficit markets. Attention is focused on capturing and growing local market sales. In South Africa, the reference price used to calculate import duty levels does not yet fully provide adequate and appropriate protection for this socio-economically important rural industry. In Mozambique, the imminent substantial increase in the reference price should provide such assistance.

FURTHER COST REDUCTIONS

The sustainable cost reductions achieved over the past two years, while having to absorb input price increases, provide a good base for the next steps in the concerted cost reduction process in the sugar operations. Unit costs of sugar production will benefit substantially from growth in volumes and better yields, as milling costs and many of the agricultural costs per hectare are mostly fixed. The marginal cost of additional sugar production from existing hectares under cane is typically 4 to 6 US cents per pound.

GROWING SUGAR PRODUCTION

The crop size in the coming season in South Africa is uncertain and is likely to be at the lowest level for many years, while Zimbabwe and Mozambique are likely to show modest growth in sugar production.

Good progress continues to be made in growing the number of hectares under cane and it is expected that, by 2018/19, an additional 22 800 hectares will be harvested, of which 9 074 hectares have already been planted. Agricultural improvement programs aimed at improving yields and sucrose content are proceeding well. Tongaat Hulett has more than 2,1 million tons of sugar milling capacity. Sugar production is targeted to grow from the 1,314 million tons in 2014/15 to some 1,821 million tons in 2018/19, under normal weather conditions. Of this growth, 37 percent is expected to come from a return to normal weather conditions, 30 percent from additional hectares under cane and 33 percent from yield and sugar extraction improvements.

CREATING VALUE FOR ALL STAKEHOLDERS

Tongaat Hulett continues to focus on value creation for all stakeholders through an all-inclusive approach to growth and development. In KwaZulu-Natal, there are established collaborations with provincial and local authorities in the inextricably linked areas of sugar and cane activities, the development of urban areas (including Cornubia) and maximising the future benefit of renewable energy. The planting of 28 687 hectares in the past four years has created some 7 175 direct jobs in rural areas and the 12 000 hectare project currently underway for cane development and job creation in rural KwaZulu-Natal includes a Jobs Fund grant for R150 million allocated over some three years, with the first R50 million already received. In Zimbabwe, Tongaat Hulett, the government and local communities are working together on socio-economic initiatives in the south-eastern Lowveld region of the country. One of the key focus areas remains the on-going orderly development of sustainable private sugarcane farmers and, at the end of the 2014/15 season, some 857 active indigenous private farmers, farming some 15 880 hectares, employing more than 7 300 people, generated US\$70 million in annual revenue. Current initiatives should increase this, by the 2017/18 season, to some 1 023 private farmers supplying more than 1 900 000 tons of cane harvested from 19 270 farmed hectares, with further job creation in rural communities. In Mozambique, 415 000 tons of cane were delivered from 4 370 hectares in the 2014/15 season, supporting 2 018 indigenous private farmers.

GROWING STARCH AND GLUCOSE

The starch and glucose operation, which is the only wet-miller in sub-Saharan Africa, is well positioned strategically, focused on growing its sales volume, with an enhanced product mix and customer growth prospects into Africa. This is underpinned by improving use of its available capacity and the efficiency of its operations. Dry weather conditions in the new season have resulted in maize prices trading above international levels and the starch

operations current exposure to these higher prices comprises approximately 15 percent of the coming year's maize requirements.

MOMENTUM IN LAND DEVELOPMENT

The momentum in unlocking value and cash flow from land conversion and development continues, with a portfolio of 8 091 developable hectares in KwaZulu-Natal ultimately earmarked for development. The value achieved per hectare of land sold is increasingly reflecting the steadily improving land conversion platform and varies based on usage and location. A progressively larger area is benefitting from planning activities and infrastructural investment at key points. Tongaat Hulett continues to work together with government, related organisations and key stakeholders in the property industry to capture the synergy of each other's unique capabilities and to maximise value for all stakeholders. This has a positive impact on economic development, ranging from industrial and commercial to tourism and all levels of residential development and the affordable housing backlog, in the Durban/northern KwaZulu-Natal area and complements the simultaneous rural development taking place around new agricultural cane developments. Over the next five years, sales are expected to come primarily out of 3 801 developable hectares in key focus areas comprising 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.

Further detail on the land portfolio (including prospective usage, market momentum, development themes, possible timing and values) is available at www.tongaathulett.com

FINANCIAL PROSPECTS FOR THE YEAR AHEAD

The financial results for the year ahead will be influenced by a number of varying dynamics, the magnitude and impact of which are difficult to predict at this stage. It is likely that the sugar operations will remain under pressure, particularly in South Africa. Land development could have a record year. Starch volumes, mix, cost and exchange rate dynamics are likely to counter maize prices being closer to import parity.

THE BUSINESS IS IN A GOOD POSITION TO BENEFIT FROM MULTIPLE ACTIONS ACROSS ALL OF ITS WELL-GROUNDED STRATEGIC THRUSTS, WITH ITS FOOTPRINT IN SIX SADC COUNTRIES, ITS ABILITY TO PROCESS BOTH SUGARCANE AND MAIZE, ELECTRICITY GENERATION AND ETHANOL OPPORTUNITIES AND INCREASED MOMENTUM IN LAND CONVERSION.

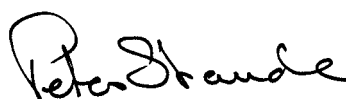
ACKNOWLEDGEMENTS AND CONCLUSION

Tongaat Hulett's 27 sites in Botswana, Namibia, Mozambique, South Africa, Swaziland, and Zimbabwe have benefitted from the ongoing commitment, loyalty and energy that the company's more than 34 000 employees give on a daily basis. It is a privilege to lead an organisation that has, over many years, attracted and retained high-caliber people who continue to work towards the achievement of the business's strategic objectives. The business is committed to equipping and developing the talent in its emerging leaders for the future benefit of the organisation.

The company's profile as an agricultural and agri-processing business contributes to its significant footprint in the rural communities that surround its operations. Tongaat Hulett is committed to working together with small-scale and commercial private farmers, rural communities and governments to grow its contribution to job creation, rural development and an inclusive economy, thereby creating sustainable value for its stakeholders.

The business values the support that it has received from its shareholders and regularly updates the investment community as it progresses delivery on its business objectives.

Our appreciation is extended to Adriano Maleiane who resigned after six years as a director of the company, following his appointment as the Minister of Economy and Finance in Mozambique. I paid tribute to our previous Chairman, JB Magwaza in the 2014 integrated annual report, in advance of his retirement in July 2014. We once again thank him for his highly appreciated and valued contribution. Tongaat Hulett is in the fortunate position that it has a new Chairman of the quality and calibre of Bahle Sibisi, whose insight on a number of strategic matters is an invaluable contribution to the business. The ongoing support and guidance that we have received from the Board is highly valued.



Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

21 May 2015





HUMAN RESOURCES



Human capital

KEY ELEMENTS

34 363 PEOPLE EMPLOYED ACROSS SIX COUNTRIES

TONGAAT HULETT IS THE LARGEST PRIVATE SECTOR EMPLOYER IN ZIMBABWE AND MOZAMBIQUE

22 487 PEOPLE ATTENDED TRAINING DURING THE YEAR

KEY PRIORITIES GOING FORWARD

RETENTION AND STRENGTHENING OF LEADERSHIP SKILLS

DIVERSITY AND TRANSFORMATION

Tongaat Hulett's approach to human capital is aligned with and supportive of the company's strategic aspirations and operating business plans. This approach is informed by external dynamics, including socio-economic, regulatory and legislative factors, as well as internal operational priorities and resources requirements. Senior management is responsible for developing Tongaat Hulett's human capital strategy and assessing its effectiveness on an on-going basis. Plans are implemented on a localised basis to ensure their relevance and impact within each specific operating context.

The business recognises the importance of providing a locally-relevant and competitive value proposition to attract, employ, retain and develop a diverse range of people who are able and motivated to contribute to the achievement of the business's strategic goals.

EMPLOYEE BASE

The total workforce as at 31 March 2015 was 34 363, compared to a total of 35 065 the previous year. This includes full-time employees, fixed-term contractors and seasonal and casual workers. Attention is given to employee cost optimisation without negatively impacting the appropriate human resources required for the operations. The breakdown of Tongaat Hulett's employee base per country as at 31 March 2015 is as follows:

Operating country	Full-time (Permanent)	Fixed-term contractors	Seasonal and casual workers (Non-permanent)	Total*
South Africa	3 400	828	1 680	5 908
Mozambique	8 090	2 721	1 592	12 403
Zimbabwe	10 972	4 113	0	15 085
Swaziland	409	30	208	647
Botswana	111	0	0	111
Namibia	137	72	0	209
Total	23 119	7 764	3 480	34 363

*Employee numbers vary depending on the quantum of seasonal and contract employees.

SPECIALISED SKILLS

Tongaat Hulett's operations require core and critical skills in the areas of agriculture, milling and refinery, marketing, sales, distribution and commercial skills, as well as engineering and technical skills. As many of these are specialised areas for sugar and starch agri-processing functions, key positions require the contribution of highly qualified, experienced and mobile people. Tongaat Hulett aims to maintain the required human capital capacity by improving the skills of current employees and attracting new resources from the external labour market, while building future capacity through graduate development programmes. The table below provides a breakdown of qualifications of these specialised skills across the company:

	Number (as at 31 March 2015)	Average age (as at 31 March 2015)	Number terminated (1 April 2014 - 31 March 2015)	Number appointed (1 April 2014 - 31 March 2015)
Degrees/ Diplomas	1 248	42	46	107
Artisans	786	40	33	44

PERFORMANCE MANAGEMENT

A formalised performance management and succession process is in place for managing top talent in key roles at company level. Each operating entity has established performance management structures which attract and reward employees based on the specific operational and long-term skills requirements of each business.

With the identification of different talent segmentation of key skills and core capabilities, greater focus was directed towards ensuring retention and development of talent 'bench-strength' - in other words, the capacity of competent employees available



for deployment in key roles and core functions. Tongaat Hulett has rolled out various individual and group talent management programmes to build and strengthen this capacity and enable employees to reach their potential.

DIVERSITY AND TRANSFORMATION

The company is focused on promoting diversity and transformation. Over time, Tongaat Hulett has achieved a steady improvement in this area as a result of a range of focused interventions and processes, including attracting, retaining and advancing the careers of women throughout the business, local nationals in Mozambique, and designated groups in South Africa.

TRAINING AND DEVELOPMENT

Employee training and development programmes at Tongaat Hulett are informed by business needs, operating challenges, existing skills supply and levels of competence, against the skills requirement for each of the operating companies. These can be categorised into four areas of skills improvement:

- Safety, compliance training and certification
- Operations/core functional skills training
- Talent development and career advancement
- Long-term skills pipeline

Safety, compliance training and certification programmes include artisan training, and Safety, Health and Environment (SHE) training, as well as motorised equipment (such as fork-lifts) training. These programmes are considered high priority, and are conducted in line with operational goals and a continued focus on employee safety and welfare.

Operations/core functional skills training programmes

are driven by requirements at operational level to achieve the company's overarching performance objectives. Core competencies include agricultural skills, farm management, supervisory management skills, technical skills, and production and manufacturing skills. Training is extended to employees not directly employed by Tongaat Hulett but that are part of the company's agriculture supply chain; for example, private and small-scale farmers.

Talent development and career advancement programmes

provide employees with opportunities to study further through the employee study support scheme, thereby improving their skills for immediate and future utilisation as well as for career advancement.

Long-term skills needs were identified by assessing the succession requirements of senior positions, along with internal and external available resources, to cater for the future demands of the business. To address this, various development programmes are in place as part of the Graduate Development Programme, mainly in production, manufacturing, agriculture and commercial operations, such as strategic sourcing. The Graduate Development Programme is a response to the challenge of youth unemployment and access to education and is structured to align with the skills needs of the company. Whenever possible, entry-level opportunities are allocated to graduate and school-leaver candidates.

Tongaat Hulett's total training and development spend for the 2014/15 financial year exceeded R37,5 million (2013/14: R50 million).

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

Programme categories	Number of employees who attended training from 1 April 2014 to 31 March 2015	Percentage
Safety, compliance training and certification		
SHE	10 922	48,6
Driver - forklift/crane/tractor	2 437	10,8
First aid	521	2,3
Advanced accident and emergency care	103	0,5
Food safety	919	4,1
Defensive driving	579	2,6
Occupational Health and Safety legislation	256	1,1
Alco meter use (Alcohol detecting machine)	100	0,4
Fire fighting	33	0,1
Operations/ core functional skills training		
Agricultural skills	4 817	21,4
Engineering and technology	146	0,6
Information technology	20	0,1
Management and supervisory skills	242	1,1
Admin/ business skills/finance	163	0,7
Human resources	108	0,5
Small growers programme	90	0,4
Process training/Boiler attendant programme	40	0,2
Commercial and marketing	50	0,2
Manufacturing and production	353	1,6
Medical	95	0,4
Talent development and career advancement		
Life skills	111	0,5
Other interventions, specific to groups/individuals	382	1,7
Total	22 487	

The long-term skills development and graduate programmes comprise a range of support mechanisms from school level to tertiary and workforce entry level. These include education bursaries, engineers-in-training (EIT), in-service training and learnerships and are structured to be accessible to individuals from diverse socio-economic backgrounds with varying levels of competency and work readiness. Tongaat Hulett had 452 school-leavers and graduates in training at various levels of exposure and development during the 2014/15 financial year (2013/14: 472).

Skills and graduate development programmes vary in focus and roll-out in the different geographies.

The table below provides a summary of the various programmes across all operations:

Graduate development programmes, entry-level skills training (All operations)	
Programme	Number of participants
Engineers-in-training (EIT)	19
Agronomist trainees	1
Agriculture farm manager training	8
Agriculturist-in-training	20
Strategic sourcing trainees	2
Production	23
In-service trainees	60
SHE trainees	3
Apprenticeships (various trades)	130
Learnerships	22
Graduate trainees	32
Communications and marketing	1
Student development programme	5
General learners/trainees	68
Workplace experience	17
Bursaries	41
Total	452

There is also specific focus on artisan training, which is generally longer in duration than the graduate development programme.

Artisan training (All operations)	Number of participants
Artisans-in-training	449
Artisan development	20
Artisan aid development programme	12
Total	481

COMPLIANCE WITH LEGISLATION AND REGULATIONS IN EMPLOYEE MANAGEMENT IN SOUTH AFRICA

Tongaat Hulett complies with the various legislative and regulatory frameworks with regards to employee management and skills development reporting in all countries of operation. 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. In line with South African regulation, this information for the period 1 April 2014 to 31 March 2015 is provided in the following pages. It is only applicable to the

South African operations and does not include other operating geographies. Of the overall training costs of R37,6 million, a total of R28,0 million was spent on the South African operations, with the different categories of spend outlined in the table below:

1 percent skills levy	R13,9 million
Training spend as a percentage of leviabale amount	2,0%
Number of person days trained	5 943
Number of person days available	1 345 347
Percentage trained person days	0,44
Number of persons trained	1 731
Expenditure on African, Coloured and Indian employees	R24,3 million
Expenditure on African, Coloured and Indian women	R11,0 million
Expenditure on employees with disabilities	R220 597

PERSONS WITH DISABILITIES

Tongaat Hulett is committed to providing a work environment that empowers people with disabilities to reach their potential and contribute productively in their work environment. There were 63 employees with disabilities as at 31 March 2015 (2013/14: 68) in South Africa (aligned with legislated reporting requirements), which constituted 1,1 percent of the total employee complement (2013/14: 1,4 percent).

EMPLOYMENT EQUITY AND AFFIRMATIVE ACTION

In the South African operations, a strong employment equity culture has been fostered over many years and significant improvement have been achieved. In terms of the representation of designated groups, particular emphasis is placed on Africans, black women and persons with disabilities. As at 31 March 2015, 63,3 percent of management (2013/14: 62,3 percent) and 85,4 percent of skilled and supervisory positions are filled by black employees (2013/14: 84,6 percent). Women constitute 32,8 percent of the workforce across South African operations (2014: 29,9 percent). In terms of the professional skills profile, 76,1 percent of the graduate and diplomate employees are black (2013/14: 76,1 percent), with women constituting 46,3 percent (2013/14: 46,8 percent).

Employee transformation programmes are also a focus in Mozambique and Zimbabwe.

The overall proportion of black representation at management level at 31 March 2015 was 63,3 percent of permanent staff, compared to 62,3 percent at 31 March 2014. Women at senior management level increased from 16,2 percent to 18,6 percent at 31 March 2015, the proportion of black females in top management remained constant at 28 percent at 31 March 2015 and black females in management increased slightly from 22,2 percent to 22,3 percent in March 2015.

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 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.

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. The company has always strived to maintain a constructive relationship with unions and a climate of industrial accord has generally prevailed. There are recognition agreements with 12 different unions as at 31 March 2015 and approximately 38 percent of permanent employees are members of unions. In South Africa, the SAEWA union became active in the year and at this stage only represents employees





CASE STUDY GIDION MUNYARADZI

Gidion completed his apprenticeship training in 1996 and worked as an electrician for six years at Zimbabwe Alloys, never imagining that one day he would head up Safety, Health and Environment (SHE) activities for Tongaat Hulett.

To read more about Gidion, go to
www.tongaathulett.com/2015/gidion_munyaradzi.pdf



from the Refinery. During the year the SAAPAWU union had a number of its members leave and join FAWU.

In Zimbabwe, union membership is determined through deduction of union dues. Since January 2015, the biggest union registered for the industry, Zimbabwe Sugar Milling Industry Workers Union (ZISMIWU), had membership dues stopped by government owing to a need to investigate alleged financial impropriety by the union executives and as at 31 March 2015, there were no membership dues being deducted. The Sugar Production and Milling Workers Union is a recognised union which was registered in December 2014.

The formally recognised trade unions are provided in the table below:

Country	Recognised union
South Africa	Food and Allied Workers Union (FAWU)
	National Sugar and Refining and Allied Industries Employees Union (NASARAIEU)
	Southern African Equity Workers Union (SAEWA)
	United Association of South Africa (UASA)
	National Union of Public Service and Allied Workers (NUPSAW)
Zimbabwe	Sugar Production and Milling Worker Union of Zimbabwe (SPMWUZ)
	Zimbabwe Sugar Milling Industry Workers Union (ZISMIWU)
	Zimbabwe Hotel and Catering Workers Union (ZHCWU)
Mozambique	Sindicato Nacional dos Trabalhadores da Industria Do Açúcar e Afins (SINTIA)
Swaziland	Swaziland Agriculture and Plant Workers Union (SAPWU)
Botswana	Botswana Beverages and Allied Workers Union (BBAWU)
Namibia	Namibian Food and Allied Workers Union (NAFAU)

During the 2014/15 financial year, there were five strike days at Mafambisse which involved 600 employees with a cost implication of R200 000. There were 34 strike days at the South African sugar refinery which involved 420 employees and 12 strike days at Voermol which involved 1 064 employees. The collective cost of the strike action at the refinery and Voermol amounted to R9,7 million.

Disciplinary procedures

The disciplinary codes and procedures make provision for corrective behavior 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 procedures are structured such that ensure that grievances can be resolved as near to their point of origin as possible, and within a reasonable timeframe.

Anti-bribery and corruption

Tongaathulett endeavors to uphold core business values and actively works to prevent corruption and bribery. The company has procedures in place that provide guidance on areas such as dealing with gifts and donations. Employees of Tongaathulett who do not comply with the company's Code of Business Conduct and Ethics face disciplinary action, including dismissal.





STAKEHOLDER RELATIONSHIPS



Social and relationship capital

KEY ELEMENTS

0,085 LTIFR ACHIEVED PER 200 000 HOURS WORKED (2013/14: 0,087)

R140,7 MILLION SPENT ON SED INITIATIVES (2013/14: R124,4 MILLION)

11 CONSECUTIVE YEARS INCLUDED IN THE JSE'S SRI INDEX

81,09% VERIFIED LEVEL THREE B-BBEE CONTRIBUTOR

KEY PRIORITIES GOING FORWARD

EXTEND 'ZERO HARM' CAMPAIGN TO RELEVANT STAKEHOLDERS

STRENGTHEN STRATEGIC PARTNERSHIPS WITH PRIVATE FARMERS

TRANSITION TO NEW AGRI-BEE SCORECARD

STAKEHOLDER ENGAGEMENT

Tongaat Hulett has a well-established history of maintaining constructive relationships with a range of stakeholders. The process to improve Tongaat Hulett's understanding of its stakeholders is on-going and includes identifying key groups based on the degree to which they influence or are impacted by the business, and documenting the various

proactive engagements that are already in place as the business seeks to further strengthen these relationships. The company's operations require the support and participation of a diverse and extensive range of stakeholders and these are outlined in the table on the following page.

	Nature of engagement	Priorities	Outcomes
Shareholders, investors and analysts	Annual and interim results presentations and publications Roadshows both locally and abroad 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 - includes meetings and forums with farmers	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 fertiliser and herbicides The company works to unlock grant funding from relevant authorities Sustainable integrated farming model for staple foods implemented across SADC region
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	The company has efficient systems in place for complying with regulatory frameworks On-going 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 SED 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 On-going schooling and infrastructure development projects involving local communities
Employees	Regular collaboration on topics of employee protection, diversity and performance management 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 the right to 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 On-going healthcare and wellness 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 on various matters	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 The company operates under the relevant regulations, standards and laws to ensure the quality and safety of all its products Long-term relationships with key suppliers

SOCIO-ECONOMIC DEVELOPMENT (SED)

SED 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 2015. For this period, Tongaat Hulett invested R140,7 million in its SED initiatives (2013/14: R124,4 million), 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:

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.
- R76 million was invested in health-related activities during the period, of which R4 million was specifically allocated to dealing with the impact of HIV/AIDS.

Education

- R17,6 million was invested in education initiatives across the company.
- This included the purchase of exercise and textbooks and new chairs in the estate schools in Mozambique, Swaziland and Zimbabwe.

Basic needs

- R10,7 million was 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.

Sports, arts and culture

- The company acknowledges the important role that arts, sports and culture can play in the development of successful rural communities.
- R5,9 million was invested in these initiatives during the year.

FOOD SECURITY

As a member of the UN Global Compact, Tongaat Hulett is committed to accelerating its disaster risk reduction activities and seeking to make food production systems more resilient and capable of absorbing the impact of disruptive events.

Tongaat Hulett promotes food security imperatives by implementing sustainable agricultural practices which increase farmers' yields while reducing the inputs of fertiliser, pesticides and water. Investment in small-scale farming is essential to ensuring long-term localised food supply and contributing to poverty alleviation.

PROMOTING SUSTAINABLE AGRICULTURE

Tongaat Hulett practices a range of conservation methods and land-use strategies 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. This is implemented with the view that better farming practices will halt and in some instances reverse the negative 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.

SUPPLY CHAIN

Tongaat Hulett is committed to sustainable and innovative procurement initiatives to deliver value to the business and



CASE STUDY BRIGHT NZUZA

In 2009, Ogwini High School decided to have one of their learners, Bright, represent them at a disability summit in Durban, which was held in partnership with Tongaat Hulett.

To read more about Bright, go to
www.tongaathulett.com/2015/bright_nzuza.pdf



CASE STUDY THE CHILONGA FEEDLOT PROJECT

The Chilonga Feedlot Project is contributing to increasing the quality of livestock in the Lowveld region of Zimbabwe and the empowerment of local communities.

To read more about this project, go to
www.tongaathulett.com/2015/chilonga.pdf



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 various business operations are working closely on sourcing projects with the 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. The team is building long-term sustainable procurement and strategic sourcing capabilities, skills and business systems.
- **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. The strategic sourcing team will improve focus in South Africa on new broad-based black economic empowerment (B-BBEE) strategic imperatives, as well as formulate an enterprise development framework.
- **Green procurement initiatives** - a good business imperative is 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 fertilisers which, if successful, could replace chemical-based fertilisers on a wider commercial scale.

PREFERENTIAL PROCUREMENT

The objective of preferential procurement under the Department of Trade and Industry's current B-BBEE Codes of Good Practice (in South Africa) includes the promotion of B-BBEE compliance by all supplying entities and has targets for procurement from Exempted Micro Enterprises (EMEs), Qualified Small Enterprises (QSEs), black-owned EMEs and black women-owned EMEs. 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 and create jobs.

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 13,65/20. In respect of the Procurement Scorecard for Tongaat Hulett, and based on the expenditure for the period ending 31 March 2014, out of a total available spend (defined as total procurement spend less allowable exclusions) of R8,303 billion, B-BBEE procurement spend from all suppliers based on B-BBEE procurement recognition levels as a percentage of total measured spend, was R5,741 billion (69,14 percent). R157,9 million was in relation to QSE B-BBEE Spend, R587 million in relation to EME B-BBEE Spend, R137,5 million was in relation to >50 percent black owned EME suppliers and R44,5 million was in relation to >30 percent black women owned EME suppliers.



TRANSFORMATION

Tongaat Hulett is proud that it has met its internal transformation targets. The sixth B-BBEE rating audit by AQRate was conducted in 2015, with Tongaat Hulett being categorised as a level three contributor and scoring 81,09 percent. The business will transition to the Agri-BEE Scorecard rating which has more stringent benchmarks.

SAFETY, HEALTH AND ENVIRONMENT (SHE)

The prevention of harm to people and the environment remains a core value of Tongaat Hulett's business principles. SHE issues are entrenched in the sustainability framework encapsulated in the 'zero harm' campaign.

Tongaat Hulett pursues a transformational management approach aimed at encouraging positive behaviour change among its employees and their kin. The approach promotes an injury-free, healthy and sustainable business culture which enjoys the support of the company's entire stakeholder network.

The company has therefore extended its SHE programmes beyond just employees to include contractors, suppliers, service providers, farmers and members of surrounding communities. These stakeholders are thereby also able to benefit from this focused improvement drive.

The CEO and senior management oversee the allocation of resources and provide strategic guidance on implementing the

relevant SHE initiatives. Progress towards 'zero harm' is reviewed at various levels of the organisation, including the Risk, SHE, Social and Ethics Committee and various SHE committees at executive level.

SAFETY

Regrettably, two lives were lost in separate work-related incidents during the year 2014/15, resulting in a Fatality Injury Frequency Rate (FIFR) of 0,004 compared to a FIFR of 0,002 recorded in 2013/14. Tongaat Hulett remains determined to fully manage all fatality risks and effectively stop further loss of lives.

In the past three years, High Fatality Risk Incidents (with potential fatal consequences but not necessarily having resulted in fatalities) were managed comprehensively as part of reactive interventions. In addition, proactive peer reviews were undertaken which involved testing the effectiveness of existing fatality risk controls and identifying business unit and country-specific fatality risk reduction actions.

The above challenges notwithstanding, Tongaat Hulett's safety performance continues to improve in terms of serious injuries that result in loss of time. A total of 42 Lost Time Injuries (LTIs) were recorded in 2014/15 compared to 45 suffered in 2013/14, representing a reduction of almost 7 percent. A Lost Time Injury Frequency Rate (LTIFR) of 0,085 was recorded. An encouraging

improvement of LTIFR was observed during the past four years as shown in the table below:

	2011/12	2012/13	2013/14	2014/15
LTIs	59	56	45	42
LTIFR	0,10	0,094	0,087	0,085

A robust risk management framework forms the foundation of the various SHE management systems in place at all operations, and these are subjected to annual third-party audits for National Occupational Safety Association (NOSA) certification and or Occupational Health and Safety Assessment Specification (OHSAS) 18001 codes of practice.

FOOD SAFETY

Over time, Tongaat Hulett has developed a reputation as being a producer of high-quality products. To ensure that this reputation is maintained and the company continues to meet the needs of customers in the food industry, Tongaat Hulett manages its maize requirements on a non-genetically modified basis using a sophisticated identity preservation system. In addition, on-going attention is paid to the requirements of FSSC 22000 (a Food Safety System Certification used by food manufacturers which is aligned with ISO 22000 and includes Good Manufacturing Practices), ISO 22000 and ISO 9001, in terms of quality and food safety standards at all operations.

Sugar or sucrose is a natural plant product. It is produced by the sugarcane plant in much the same way that other plants, such as fruit and vegetables, produce sugars. Neither white nor brown sugar contains additives or preservatives of any kind.

The excessive consumption of any foodstuff, no matter how harmless, is not conducive to good health. Sugar is a natural and healthy contributor to the enjoyment of food as part of a sensible and balanced diet.

HEALTH

Tongaat Hulett appreciates the relationship between workplace and community health and understands the importance of addressing occupational health issues in a manner which extends beyond the workplace. The company aims to achieve a balance between minimising potential harm in the workplace, improving employee health and wellbeing while simultaneously optimising productivity among its operations.

HIV and AIDS

The business continues to run HIV/AIDS management initiatives across its operations, including Voluntary Counseling and Testing (VCT), HIV Counseling and Testing (HCT) and Anti-Retroviral Treatment (ART). 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 operations. More than 83 percent of Tongaat Hulett's employees presented for VCT/HCT during the year. In addition, a total of 15 166 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 3 617 and 989 respectively. This represents a total of 4 606 people being offered ART by the company at a cost of R2 147 036. The success of the ART programme has resulted in more HIV-positive employees remaining at work as opposed to leaving employment through death or medical retirement.

The World Health Organisation (WHO) issued a challenge to eliminate HIV/AIDS by 2030. The "90:90:90" challenge comprises the following goals:

- 90 percent of target population would be tested for HIV
- 90 percent of HIV positive people requiring treatment would be on treatment
- 90 percent of those on treatment would remain on treatment

Tongaat Hulett is committed to taking on this challenge and will continue to partner with governments and non-governmental organisations alike to help achieve its objectives. To this end, the following existing key actions will be progressed:

- Stretching VCT/HCT targets
- Intensifying awareness campaigns
- Extending ART to all permanent and seasonal employees where practicable
- Promoting Male Medical Circumcision at all operations



Primary healthcare

The company seeks to consolidate existing healthcare programmes, primarily covering employees and their families at operations that are far from major urban centres with limited access to government-supported health facilities. Primary healthcare includes the provision of maternal child health care, control of communicable diseases, for example cholera, tuberculosis and measles and treatment of acute ailments, such as colds.

Malaria

Tongaat Hulett will continue to partner with regulatory authorities and non-governmental organisations in the provision of malaria control programmes, particularly in Zimbabwe, Swaziland and Mozambique where the disease is a major health risk. Existing control programmes 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 on-going.

Regrettably, a single malaria-related fatality was recorded at one of Tongaat Hulett's operations in Mozambique during the year 2014/15. There was a three percent decrease in the number of malaria cases recorded in 2014/15 when compared to the previous year, with Mozambique operations achieving a 23 percent reduction during the same period. The decrease was attributed to the following interventions:

- New insecticides being introduced to control malaria.
- Investment in facilities, equipment and training.
- Use of a malaria consultant to conduct training and audit programmes ensuring that best practices are being applied.
- On-going awareness programmes to employees and communities.
- Use of mosquito nets as a preventive measure.
- Focusing on spraying insecticides at mosquito breeding habitats.
- Working closely with governments and non-governmental organisations in supply of chemicals, sharing of technical expertise, training of sprayers and provision of mosquito bed nets.

Occupational healthcare

There were no occupational health cases with irreversible health effects registered in 2014/15. A total of 10 occupational health cases with reversible effects were recorded compared to 13 recorded in the previous year. Most of the incidents involved tenosynovitis, an inflammation associated with sugar cane cutting. All cases were reversed within a short timeframe and employees were trained on how to manage this inherent risk.

INTELLECTUAL PROPERTY



Intellectual capital

KEY ELEMENTS

PROMINENT MARKET POSITION OF CORE BRANDS

KEY PRIORITIES GOING FORWARD

BUILD ON ESTABLISHED POSITION AND REPUTATION TO GROW MARKET SHARE

RETENTION OF ALL RELEVANT THIRD-PARTY CERTIFICATIONS

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, Brazil, 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, Philippines, South Africa, South Korea, Swaziland, Taiwan and the United Arab Emirates. The company has 50 registered domain names.

THIRD-PARTY CERTIFICATIONS

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

All operations are certified to either NOSA five-star systems or OHSAS 18001 covering occupational health and safety. Of the 19 operations, 17 are certified to the ISO 14001 environmental management system with the remaining two being at an advanced stage of implementing their management systems. A total of four out of five starch operations and part of two out of eight sugar processing operations are certified to FSSC 22000 food safety management systems in accordance with the current requirements of the business.

PRODUCT RESPONSIBILITY

Tongaat Hulett complies with the relevant safety, health, environmental and quality legislation in each of the countries in which it operates, 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 Hazard Analysis Critical Control Points

(HACCP), where appropriate. Downstream products supplied to the pharmaceutical industry are required to meet the standards of the Food and Drugs Act.

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.

BRANDS

A number of Tongaat Hulett brands hold prominent positions in their respective markets in different product categories and geographic locations. The company's objective is to grow its market share responsibly through innovation and the development of high-quality products.

The following table provides a summary of the major brands:

	Hulett's® White sugar Brown sugar	Over 120 years in the market Market leader in South Africa Recognised as one of the top five Icon Brands in the ASK AFRIKA survey over the past three years
	Sunsweet® Brown sugar	Market leader in Zimbabwe
	Voermol® Animal feeds	Market leader in the molasses and pith-based animal feeds industry in South Africa
	Blue Crystal® White sugar Brown sugar	Market leader in Botswana
	Marathon® White sugar Brown sugar	Market leader in Namibia



ENVIRONMENT



Natural capital

KEY ELEMENTS

6 CONSECUTIVE YEARS OF PARTICIPATION IN THE CDP PROJECT

7% REDUCTION IN SCOPE 1 GHG EMISSIONS ACHIEVED



INCREASE IN RECYCLED MATERIAL VOLUMES AS A RESULT OF NEW PRACTICES

KEY PRIORITIES GOING FORWARD

PROMOTION AND IMPLEMENTATION OF SUSTAINABLE AGRICULTURAL PRACTICES

CONVERSION OF AGRICULTURAL LAND TO DEVELOPMENT IN AN ENVIRONMENTALLY-SENSITIVE MANNER

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 a major user of land, biodiversity and water, Tongaat Hulett's agri-processing and land development operations, impact on the environment and local communities. As a responsible corporate citizen, Tongaat Hulett continues to demonstrate its commitment to sound environmental stewardship and considers legal compliance to be the minimum requirement from which to strive further and establish best practice methods in a sustainable and ethical manner.

In line with this approach, the company aims to retain and/or secure ISO 14001 certification at all its operations, thereby reflecting global industry standards that minimise environmental impacts.

CLIMATE CHANGE

Agriculture is vulnerable to changes in climate and weather patterns. Tongaat Hulett recognises the need to adapt to the physical impacts of climate change, which will affect operations, particularly through the availability of water and the occurrence of extreme weather events.

The company is making its operations more energy-efficient, and encouraging suppliers throughout its entire value chain to do the same. The company participates in public environment forums such as COP 21 (United Nations Climate Change Conference) and the Davis Tax Committee to contribute to discussions on this important topic.

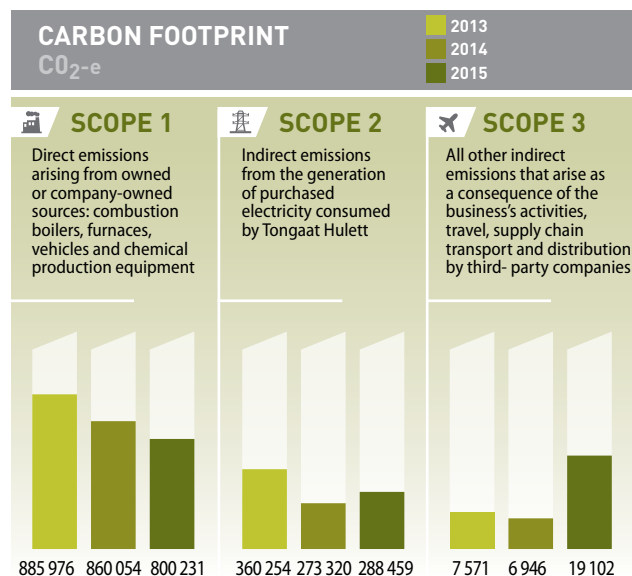
CARBON MANAGEMENT

As part of its broader commitment to responding to climate change, Tongaat Hulett participated in the Carbon Disclosure Project (CDP) for the sixth year in a row. The CDP is an independent initiative encouraging transparency on all climate



change-related issues and providing details of emissions performance. The company's carbon footprint analysis was conducted according to the Greenhouse Gas (GHG) 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 800 231 metric tons CO₂ equivalent (CO₂-e) Scope 1 emissions. The company purchased electricity that emitted 288 459 metric tons of CO₂-e. The total Scope 3 emissions were 19 102 metric tons CO₂-e covering business travel, comprehensive supply chain transport and distribution by third-party companies. In the 2014/15 reporting period, employees booked nearly 4 000 business trips, flying more than 5,8 million kilometers, resulting in 1 231 metric tons CO₂-e being emitted from business travel. The total Scope 1, Scope 2 and Scope 3 carbon emissions for the period under review was 1 107 792 metric tons CO₂-e and the turnover was R16,155 billion, which equates to 69 grams of CO₂ emitted per Rand generated. The GHG emissions have been verified by a third-party service provider.

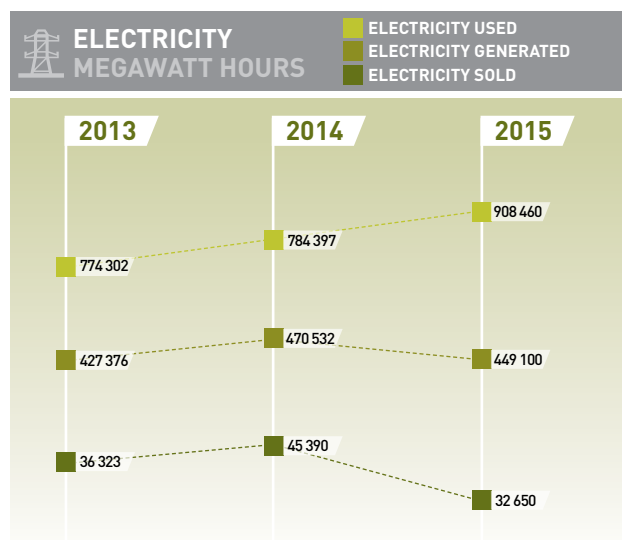


Total emissions from South African operations, calculated at 722 843 metric tons CO₂-e, includes emissions of 374 673 metric tons CO₂-e emanating from the South African sugar operations. Tongaat Hulett recently completed a study with the assistance of carbon specialists which found that the company's sugar farms sequester carbon at a rate of 12 tons per hectare per annum from sugarcane produced. Using this rate, Tongaat Hulett's 38 107 hectares (grown from company-owned and leased land) equates to 457 284 metric tons sequestered CO₂-e per annum. The South African sugar operations could benefit from the carbon capture and storage of CO₂ in the growing of sugarcane if the National Treasury allows for sequestered emissions to be deducted from the company's carbon footprint.

ENERGY

The introduction of a suitable regulatory framework for the provision of privately-produced alternative electricity 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 production process. In the short to medium term, this would involve infrastructure development projects across the company's sugar mills in order to significantly increase electricity generation from bagasse.

For the period to 31 March 2015, Tongaat Hulett used a total of 908 460 MWh of electricity across all of its operations and offices. It generated 449 100 MWh from its sugar mills, predominantly from bagasse, and sold 32 650 MWh to the national grid. Other sources of fuel that are used include coal (280 646 tons), diesel (12,7 million litres), petrol (1,04 million litres), gas and wood. In the previous reporting period ended 31 March 2014, Tongaat Hulett used 784 397 MWh, generated 470 532 MWh and sold 45 390 MWh.



AIR QUALITY

In line with respective country-specific legal regimes, Tongaat Hulett operations periodically identify and quantify the impact of emissions with the objective of implementing improvement actions. This process is subjected to both statutory and third-party reviews on an annual basis. The deliberate strategy of burning bagasse ahead of coal as a fuel by sugar mills significantly improves the quality of emissions in terms of particulate matter, noxious gases, carbon and sulphur oxide. Wet scrubbing technology continues to be used by most operations to remove fly-ash from the flue gas to ensure that emissions meet acceptable air quality standards.

The primary use of coal as a fuel to fire boilers at the refinery in South Africa presents bigger challenges in improving the quality of emissions with respect to the abovementioned parameters. To address this, the company continues to explore better process technology solutions which could be applied at that operation.

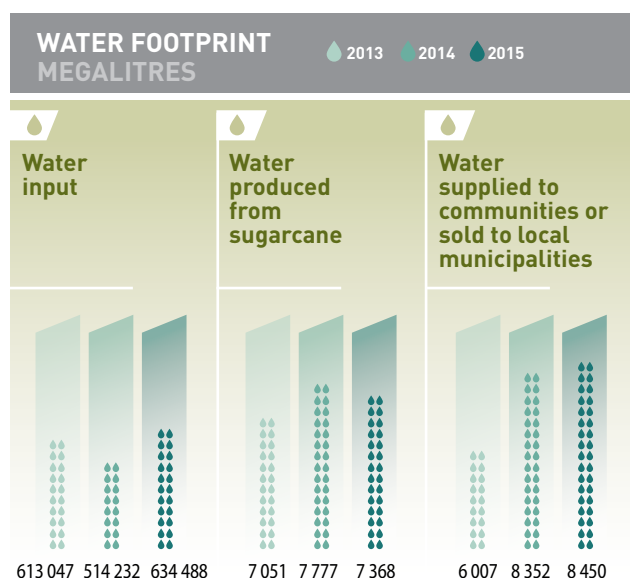
BIODIVERSITY AND LAND MANAGEMENT

Tongaat Hulett recognises the significance of the impact of its activities on biodiversity on and surrounding the 24 000 gross hectares under its direct control within South Africa. A total of 8 091 developable hectares of this land in KwaZulu-Natal have been identified for conversion, at the appropriate time, in support of growth and development of the region. This conversion is carefully managed and coordinated in line with broader government objectives and spatial policies. A major element of this conversion includes the rehabilitation of the affected ecological systems through a range of biodiversity improvement practices. At the same time, the company continues to rehabilitate currently unproductive land to agriculture, 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. Water resources management takes place in the context of the water-energy-food nexus and is 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.

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 2014/15, the total water input was 634 488 Ml of which 7 368 Ml was produced from sugarcane and 8 450 Ml was supplied to communities or sold to local municipalities. In the previous reporting period ended 31 March 2014, 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 MANAGEMENT

The company remains committed to achieving 'zero effluent' disposal. Current efforts are aimed at reducing effluent discharged from production processes and ensuring containment of excess effluent that would be subjected to a dilution process prior to being re-used in irrigating nearby crops where practical. 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 progressing 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

Tongaat Hulett continues to work towards reducing the amount of hazardous waste produced from production processes with the ultimate objective of achieving 'zero hazardous waste'. To this end, various options are being explored to reduce, re-use and recycle waste before its ultimate disposal. Operations based in South Africa, Mozambique, Botswana, Namibia and Swaziland make use of registered waste companies that collect non-valuable hazardous waste from operations and dispose of it at designated hazardous landfill sites. Zimbabwean operations have constructed hazardous disposal sites that are registered by the regulatory authority and are subject to annual statutory and third-party audits.

Some company operations have re-engineered and refined services 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 include the recycling of cane spillage from roadways back into farming.

During the reporting period 2014/15, 12 096 tons of general waste (2013/14: 12 824 tons), 2 455 tons of scrap metal waste (2013/14: 2 803 tons) and 4 822 tons of hazardous waste (2013/14: 4 359 tons) was generated and disposed of in accordance with applicable legislation.

The high amount of hazardous waste reported is mainly attributed to the classification of boiler ash as hazardous waste in Zimbabwe. Formal engagements with the relevant statutory authority have resulted in an agreement to separate boiler waste coming from bagasse fuel from waste coming from coal with a view to classify the latter as being hazardous should it not be recycled within the production process. This arrangement is

expected to result in a significant reduction in the amount of hazardous waste being reported, considering that the main source of boiler fuel is bagasse, whereas small amounts of coal would largely be used for startup purposes and/or when bagasse fuel runs out under unusual circumstances.

ENVIRONMENTAL INCIDENTS AND 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.

A total of 582 complaints (581 level 1 and one level 2) were recorded during the year. The increase in the number of level 1 complaints related primarily to vandal fires and illegal dumping at the agricultural operations and action plans are being developed to address these incidents. The level 2 incident was reported at the Maidstone mill when an effluent main pipeline burst, resulting in partial pollution to the environment. The spillage was contained and measures were implemented to prevent further pollution and secondly to rectify the impact of the initial spill.

INDEPENDENT THIRD-PARTY ASSURANCE

Environmental Resources Management Southern Africa (Pty) Ltd (ERM) was engaged by Tongaat Hulett to provide independent third-party assurance of Tongaat Hulett's integrated annual report for the year ending 31 March 2015.

Based on our reviews of the integrated annual report, as well as our interviews and desktop research exercises at group level, the information contained within this integrated annual 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 is available at www.tongaathulett.com/2015/ermassurance.pdf



DIRECTORS'

- Strengths
- Capabilities
- Experience

These attributes are reflected under each Director's name

DIRECTORATE

CHAIRMAN



CB 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 (51) is the Non-executive Chairman of Tongaat Hulett. He is also currently the Chairman of SABs and Roadcrete Africa (Pty) Limited. He is a former Deputy Director General of the Department of Trade and Industry. He was appointed to the Tongaat Hulett Board in 2007.

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 (61) 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 is now a Non-Executive Director of Hulamin.

INDEPENDENT NON-EXECUTIVE DIRECTOR



SM BEESLEY

- Operational best practice
- Multinational organisational leadership
- Strategic insights
- Transformational leadership

*Director of Companies
BA Law, MDP*

Stephen (63) has extensive multi-national 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 Africa (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.

INDEPENDENT NON-EXECUTIVE DIRECTOR



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 Limited, Telkom SA (Limited), Eskom, Toyota SA and RMBT Property Services (Marriott Group) prior to joining the FirstRand Group. Jenitha has served on many boards and audit committees of both public and private sector entities and is currently a Non-Executive Director of Business Connexion where she is also a Chairman of the Audit Committee. She was appointed to the Tongaat Hulett Board in 2007.

INDEPENDENT NON-EXECUTIVE DIRECTOR



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 (54) 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 Limited, Clicks Group Limited, certain MTN subsidiaries, Rand Refinery (Pty) Limited and AfriSam Group (Pty) Limited. Fatima was appointed to the Tongaat Hulett Board in 2008.

INDEPENDENT NON-EXECUTIVE DIRECTOR



RPKUPARA (Zimbabwean)

- Risk Management, assurance and corporate governance
- Financial governance
- Agriculture and agri-processing

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

Rachel (55) 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 Nicos Diamond Insurance Company, Dairibord Holdings Limited, Anchor Holdings Private Limited and Servcor Private Limited. She was appointed to the Tongaat Hulett Board in 2009.



INDEPENDENT NON-EXECUTIVE DIRECTOR

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 (56) 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 organisations. 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.



INDEPENDENT NON-EXECUTIVE DIRECTOR

SG PRETORIUS

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

Director of Companies
MCom (Bus Econ), *Honorary Doctorate (Marketing)*

Brand (67) currently serves as a non-executive director on the boards of Reunert, Metair, Italtile, Africum, Agrinet and Tata Africa Holdings. He is also a member of the advisory boards of Business Against Crime SA, the READ Educational Trust, Alexander Proudfoot, InvoTech 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.



INDEPENDENT NON-EXECUTIVE DIRECTOR

TA SALOMÃO (Mozambican)

- Corporate, financial and strategic leadership
- Socio-economic development and sustainability
- Government relations and policy formulation
- Leadership development and talent management

Director of Companies
MA (Econ)

Tomaz (60) is the former Executive Secretary of the Southern African Development Community (SADC, 2005 to 2013). At Regional level, he presided over the SADC roadmap for the preparatory process of the SADC Free Trade Area, which was launched by the SADC Summit in August 2008. He also guided the broad-based consultative process for the SADC Regional Infrastructure Development Master Plan (RIDMP), culminating in its adoption by Summit in 2012. Prior to this, he made significant contributions to the development of his country in senior government leadership, including as Minister of Transport and Communications (2000 to 2004) and as Minister of Finance and Planning (1994 to 1999). He also served as Governor for Mozambique at the African Development Bank, International Monetary Fund and the World Bank. He is currently a Visiting Research Fellow at the University of Witwatersrand School of Governance. He is also the non-executive Chairman of Standard Bank, Mozambique. He was appointed to the Tongaat Hulett Board in 2015.



NON-EXECUTIVE DIRECTOR

TN MGDUSO

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

Director of Companies
MA (Clin Psych)

Thandeka (59) 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 director and Chairman of the Remuneration committee of the South African Reserve Bank and Non-Executive director of Air Traffic Navigation Systems (ATNS) and Assore Limited. 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.



EXECUTIVE DIRECTOR

MH 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 (49) 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

APPROACH TO EFFECTIVE GOVERNANCE

The Board of Directors (the Board) 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 of 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 details of how each principle has been applied and is reviewed regularly to ensure that the disclosures are current and remain relevant. The company's approach to corporate governance continues to reflect that governance is regarded by the Board, not as a mere compliance exercise that measures basic compliance with King III, but rather confirms that best practice principles are effectively utilised and embedded by the company in its day to day activities.

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 with

King III, the Companies Act, the Listings Requirements of the JSE Limited (JSE), including full compliance with paragraph 3.84 of the JSE requirements (available on the website www.tongaat.com), and other pertinent statutes and regulatory requirements guiding the Board's and company's conduct for the period under review.

BOARD OF DIRECTORS

BOARD COMPOSITION

Tongaat Hulett has a unitary Board structure, which at 31 March 2015 comprised eight 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 judgement to Board deliberations and decisions, with no one individual or group having unfettered powers of decision-making. The roles of the Non-Executive Chairman, CB Sibisi, and the Chief Executive Officer (CEO), PH Staude, are separate with a clear division of responsibilities.

BOARD CHARTER AND DELEGATED AUTHORITIES

The Board has an approved charter and an annual work plan that outline matters identified and reserved for its consideration. It records the Board's objective to provide responsible business leadership with due regard to the interests of shareholders and other stakeholders, while reflecting a demonstrable concern for sustainability as a business opportunity that guides strategy formulation. It includes the Board's responsibility to, among others, approve strategy, business plans and budgets, oversee governance of risk and information technology, ensure succession planning, approve annual results and review significant policies and governance frameworks.

Board Of Directors		Board Committees			
Name	Year Appointed	Audit and Compliance	Remuneration	Nomination	Risk, SHE, Social and Ethics
Non-Executive Directors					
C B Sibisi (Chairman)	2007		Member	Chairman	
S M Beesley*	2014				Member
F Jakoet*	2008	Member			Member
J John (LID)*	2007	Chairman			
R Kupara*	2009	Member			
T N Mgoduso	2010				Member
N Mjoli-Mncube*	2008		Member	Member	Chairman
S G Pretorius*	2011		Chairman	Member	
T A Salomão* (appointed 25 May 2015)	2015				
Executive Directors					
PH Staude (CEO)	1997				Member
MH Munro	2003				Member
* Independent non-executive directors See pages 52 to 53 for director profiles.					

The charter also highlights the role of the Board as the custodian of corporate governance, and addresses the fiduciary duties and responsibilities of the board as a unit, and of individual directors.

The Board has mandated the following four committees, (their roles and responsibilities are summarised below) 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 Board has further delegated the authority to run the day-to-day affairs of the company to the CEO 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.

BOARD CHANGES AND ROTATION AT ANNUAL GENERAL MEETING (AGM)

At the conclusion of the last AGM, the chairman JB Magwaza, retired from the Board, having reached the mandatory retirement age, and the Board appointed Bahle Sibisi as Non-Executive Chairman. Mr Sibisi is not considered fully independent by virtue of his involvement in the company's black economic empowerment equity participation structure. The Board thus 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 King III, in situations where the Chairman of the Board is not independent. Both of these appointments were effective on 30 July 2014.

Stephen Beesley was appointed to the Board on 17 June 2014. Adriano Maleiane resigned from the Board on 1 February 2015. Tomaz Salomão was appointed as an independent non-executive director on 25 May 2015.

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 70 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.

Retiring at the next AGM by rotation are Bahle Sibisi, Brand Pretorius and Murray Munro, who being eligible and available, will seek re-election as directors. The Nomination Committee has assessed each of the retiring directors and the Board unanimously recommends their re-election. Furthermore, Tomaz Salomão, who was appointed on 25 May 2015, will be required to retire and be elected in accordance with article 59 of the memorandum of incorporation.

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 CEO 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, while 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, the requirements of the Companies Act and King III on independence are taken into account and 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 judgement 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 on the Board composition, including the possible enhancement of the existing skills-set of 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.

EVALUATION OF COMPANY SECRETARY

All directors have access to relevant information and to the advice and services of the Company Secretary, MAC 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. 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. The Board will once again consider her suitability in 2016.

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 SG Pretorius (Chairman), CB Sibisi and N Mjoli-Mncube. PH Staude, as CEO, and CK Mokoena as the HR Executive, attend by invitation and MAC Mahlari is the secretary. The Remuneration Committee had two meetings during the period under review. The record of attendance is contained below. The report of the Remuneration Committee which includes a summary of its responsibilities, commences on page 65.

NOMINATION COMMITTEE

The Nomination Committee, which comprises only non-executive directors, meets as needed, and as required by the JSE Listings Requirements, is chaired by the Chairman of the Board. Its current members are CB Sibisi (Chairman), N Mjoli-Mncube and SG Pretorius. PH Staude, as CEO, attends by invitation and MAC Mahlari is the secretary. The committee's terms of reference are summarised as follows:

- Ensures 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.
- 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.

Board and committee composition and attendance for the year ended 31 March 2015.

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

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

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

1: Appointed as Chairman of the Board on 30 July 2014, and Chairman of Nomination committee, member of Remuneration committee, and ceased to be a member of Risk, SHE, Social and Ethics committee.

2: Appointed to the Board on 17 June 2014, and as member of Risk, SHE, Social and Ethics committee on 6 November 2014.

3: Retired from the Board on 30 July 2014.

4: Resigned from the Board on 1 February 2015.

5: Appointed as Independent Non-Executive Director on 25 May 2015.

6: * - The meetings were held before Mr Beesley's appointment to the committee.

- Ensures that there is a diversity of experience and backgrounds, to create a cohesive and effective Board.
- 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.

The Nomination Committee discussed the directors who would retire by rotation at the next AGM, and recommended the re-election of these directors, namely Bahle Sibisi, Brand Pretorius and Murray Munro, to the Board and AGM. The committee also assisted the Board in assessing and making a recommendation for the appointment of Tomaz Salomão as an independent non-executive director. In making the recommendations to the Board and ultimately the AGM, the Nomination Committee considered the current skills set on the Board as a collective, the relevant experience and expertise, ensuring that the current skills set continued to increase the Board's effectiveness. In addition to skills and experience, other diversity aspects that are taken into account are nationality, race and gender, given that the company operates in six SADC countries.

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee is constituted as a statutory committee 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 members of the committee were elected by the shareholders at the last AGM, comprising three non-executive directors of the Board, 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 RP Kupara. The CEO, PH Staude, the Chief Financial Officer, MH Munro, the Head of Internal Audit, DK Young and representatives of the internal and external auditors attend by invitation. The Company Secretary, MAC 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 were updated in line with King III and the Companies Act and approved by the Board, include the following objectives and responsibilities:

- 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 their standards. 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 co-ordinated 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 and Compliance and Risk, SHE, Social and Ethics Committees, that all significant risks facing the company are adequately managed and that assurance activities are integrated and co-ordinated in the most efficient and proficient manner. The Combined Assurance Strategy and Plan is discussed further on page 61 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 or fines 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 2015:

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 2015/2016 financial year.
- Determined the fees to be paid to the external auditor and agreed to the terms of their engagement and audit plan in consultation with executive management.
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors, including consideration of criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.
- Determined the nature and extent of any non-audit services that the auditor may provide to the company.
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the company.

The committee 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. 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 57 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 his 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 to 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 2015 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 2015.

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 annual report

At its meeting held on 14 May 2015, the committee recommended the integrated annual report for approval by the Board, 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 on page 56.

RISK, SHE, SOCIAL AND ETHICS COMMITTEE

The committee is constituted as a statutory committee in respect of the 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 current members are N Mjoli-Mncube (Chairman), PH Staude (CEO), F Jakoet, TN Mgoduso, SM Beesley and MH 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. MAC Mahlari is the secretary. The chairman of the committee reports to the Board on all matters discussed by the committee within its mandate, and provides minutes of all of its activities and decisions taken.

In summary, the primary responsibilities of the committee include:

- Assisting the Board to discharge the statutory requirements of the Companies Act articulated under regulation 43(5), including amongst others, monitoring the social and economic development activities of the company.
- Ensuring that the company is an active and socially committed corporate citizen.
- Ensuring that there are processes in place to monitor consumer relationships and general compliance with consumer protection laws.
- Ensuring that the company has implemented effective policies and plans for safety, health and environment that enhance the company's ability to achieve its strategic objectives, including employee and public safety.
- Overseeing on behalf of the board the total process of risk management and governance, including amongst others, reviewing the implementation of the risk management strategy and policies by means of risk management systems and processes.
- Ensuring that there is meaningful engagement with the company's identified stakeholders.

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.



The Risk, SHE, Social and Ethics Committee is pleased to submit 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 year ended to 31 March 2015:

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. The company continued to adhere to the 10 principles articulated in the Global Compact to promote sustainable development and good corporate citizenship, through a set of values based on universally accepted principles. The initiative provides 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 (B-BBEE) 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 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 and ethical corporate citizen. This included the committee reviewing the company's stakeholder value creation framework in great detail, 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 ensuring that the appropriate communication strategy for each stakeholder group is identified and successfully implemented, thereby contributing to the maintenance and development of strong and effective stakeholder relationships. Tongaat Hulett is regarded as a responsible and ethical corporate citizen and the committee is satisfied that this element continues to receive the appropriate attention. 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, product labelling and communication

Tongaat Hulett continues to adhere to consumer protection laws across all countries of operation. Appropriate systems and processes are in place to ensure successful consumer relationships, such as suitable terms of sale agreements, responsible marketing practices and material that comply with applicable requirements, packaging and labelling practices that reflect pertinent product information in compliance with labelling regulations, and the commercial conduct of the company to ensure compliance with these laws. Monitoring of these key issues 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 59 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 in fulfilling 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 and 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 Co-operation and Development (OECD) regarding the prevention of corruption, is reviewed and covered by the Audit and Compliance Committee, which ensures that the company has adopted effective systems of internal control, has an independent external auditor, operates within an approved code of ethics, and has implemented whistle-blowing processes that support the non-victimisation of whistle-blowers, amongst others.

The company has implemented employment equity policies that are based on the principle of creating equal opportunity for all within a diverse workforce with a substantial number of members of designated groups at all levels; supported by appropriate performance and talent management processes and activities, set recruitment targets, clear development and training programme, and coaching and mentoring programmes among others. The Human Resources Executive drives these processes under the leadership of the CEO and reports to the Remuneration Committee and the Board.

5. Sustainability reporting

The committee reviewed and accepted the framework for the sustainability section contained in this integrated annual report, noting the various themes of the report including Social Performance (social and relationship capital), Environmental Stewardship (natural capital), Human Capital, Manufactured Capital and Intellectual Capital, as articulated in the International Integrated Reporting framework. The committee reviewed the sustainability report as part of its role of assisting the Board to achieve better performance on sustainability matters, including the company's

contribution to the development of communities in which its activities are predominantly conducted, sponsorships and socio-economic development (SED) programme, relationships with key stakeholders, and the impact of the company's activities on the environment, employee health and public safety. 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 56.

RISK MANAGEMENT PROCESS

While the Board is ultimately responsible for risk management, management has designed and implemented a risk management framework and has committed the company to a process of risk management that is aligned with King III and 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 company-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 of 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 was 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 defence", being management, functional oversight and independent assurance providers, wherein the assurance on the risk management and related controls for the company is reported.

Appropriate business continuity plans and resources were 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 and 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.

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 financial year end 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 for evaluating 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 that 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.

ETHICS MANAGEMENT AND PRACTICES

The company is fully committed to ethical business practices and abides by a policy of fair dealing, honesty and integrity in the conduct of its business. As a responsible and ethical corporate citizen, the company entrenches a culture of organisational integrity that supports an ethical corporate environment.

CODE OF BUSINESS CONDUCT AND ETHICS

The company operates within a formal Code of Business Conduct and Ethics, which has been reviewed and approved by the Board, communicated and distributed to service providers and 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 theft, fraud, corruption and any violation of the law or unethical business dealing by employees and suppliers. 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.

ETHICS MANAGEMENT REPORTING AND OVERSIGHT

The Audit and Compliance Committee assists the Board in overseeing the consistent application of and compliance with the Code through reports compiled by the corporate security manager and reported to the committee by internal audit. Incidents of fraud, corruption or unethical practices that



are reported or detected through management controls are formally investigated, followed by formal disciplinary processes. In severe instances, criminal proceedings are instituted. Management is strict in ensuring the implementation of the Code across all operations in a day-to-day context. Compliance by directors, all employees and suppliers 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 are urged to promptly and confidentially report it to the Company Secretary or officials at management level.

WHISTLE-BLOWING SERVICE

As part of the fraud and corruption prevention approach, Tongaat Hulett has engaged the services of an independent whistle-blowing service provider to report on any unethical and unlawful behaviour or non-compliance with the Code. The independent whistle-blowing service, which is anonymous, is operational in South Africa, Zimbabwe, Botswana, Mozambique, Swaziland and Namibia. Continuous training and awareness are important aspects of a successful ethics management programme, to this end, each centre has recently been provided with the official Tip-Offs Anonymous DVD, describing the whistle-blowing process, stickers and posters, which have also been translated into Portuguese for the Mozambican operations.

During the period under review, 58 tip-offs were reported through the whistle-blowing service across the business. Information relating to a significant fraudulent activity was reported in detail to the Audit and Compliance Committee and appropriate steps, including disciplinary action, have been taken.

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 programme. The current programme includes management conducting roadshows in South Africa, the United Kingdom and the United States of America, in addition to its participation in selected national and international conferences. Through the company's website, a wide range of information is available to all shareholders and other stakeholders, including the integrated annual report, information on investor relations, and updates of the company's activities and its many initiatives to promote stakeholder value creation and sustainability. Tongaat Hulett remains committed to principles of transparency, and copies of presentations given to the investment community are available on the company's website. The company encourages the attendance of shareholders at AGMs and welcomes fruitful discussions and questions arising from the agenda and any additional issues of interest or concern to the shareholders.

For more detail on the company's engagement with stakeholders, please refer to the sustainability section of this integrated report.



REMUNERATION REPORT

This remuneration report outlines the philosophy, policy and details of the reward elements for the remuneration of Executive Directors/ Officers, Executives and for Non-Executive Directors of Tongaat Hulett. The reward philosophy has remained consistent with that previously approved at 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.

THE REMUNERATION COMMITTEE

The roles and responsibilities of the Remuneration Committee were 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 consists only of non-executive directors. The current members are SG Pretorius (Chairman), N Mjoli-Mncube and CB Sibisi. PH Staude, as CEO, and CK Mokoena as the HR Executive, attend by invitation and MAC 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 also responsible for, amongst others, considering and making recommendations to the board on the remuneration policy and on the quantum, overseeing succession planning and retention, 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 fair reward for outstanding performance of company executives to 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's business plan, business strategy and budgets;
- creating a strong, performance-orientated environment;
- fair reward for performance;
- alignment between employee and shareholder interests;
- attracting/motivating and retaining high calibre 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 comprise guaranteed pay including benefits, variable short-term incentives and long-term incentives, which are also utilised as retention instruments for selected and key individuals in the company.

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.

TOTAL REMUNERATION PACKAGE

Guaranteed 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, as well as housing and car schemes for qualifying employees in Mozambique and Zimbabwe operations.

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 its 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 of the executive and senior management schemes are made up of 50% financial targets and 50% non-financial targets, which are strategic objectives and team targets. These targets are reviewed annually.

There are various caps for the different levels of executives and employees, as follows:

Level of management	Cap as % of cash package
Chief Executive	80%
Executive Leadership	65%
Senior Management	Up to 50%

Note: No bonus payments are made if headline earnings are below a certain level (2014/15: R710 million). The same principle was applied in 2013/14 and will also be applied in 2015/16.

Financial Targets for Bonus Schemes

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.

The financial targets for this year comprise:

- headline earnings

- Return on capital employed (ROCE)
- cash-flow
- operating profit

Refer to the table on page 67 for further detail on financial targets.

Share Incentive Schemes

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

The 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, King III.

In the SARS, 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 achievement of Tongaat Hulett performance levels over a three year performance period.

In the LTIP, participating employees are granted conditional awards. These awards are converted into shares on the achievement of performance conditions over a three year performance period.

In the DBP, 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 three year period, after which the company awards the employee a number of shares in the company which matches those pledged shares released from trust.

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. These shares have a vesting period of three years. The quantum of instruments allocated each year are determined, inter alia, by taking into account the fair value cost of the instruments. 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 for four years after award. 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 2015, after approval by the Remuneration Committee and the Board, are detailed on the following pages. The share incentive scheme in operation prior to 2005 ended in the current financial year.

Performance conditions governing the vesting of the scheme instruments are set at the time of each annual award (refer to the table below for further details) and currently relate to:

- growth in earnings per share
- total shareholder return
- share price
- return on capital employed
- strategic goals in areas such as sugar production, renewable energy and extracting value from land conversion.

The performance targets are relative to targets that are intended to be challenging but achievable. Targets are linked, where applicable, to the company's medium-term business plan, over three-year performance periods, with actual grants set each year considering the job level and cash package of the participating employee, their individual performance, and appropriate benchmarks of the expected combined value of the awards.

King III refers to the application of company performance conditions to govern the vesting of awards under the Plans, and precludes the application of retesting. The application of company performance conditions has been applied since the approval of the Plans. New awards thus have relevant performance conditions, do not provide for retesting, and apply the principle of graduated vesting as recommended by King III.

Type of Scheme and Performance Condition	Description of Performance Condition	Percentage Actually Achieved for Bonus / Share Vesting Calculation	
		2015	2014
Bonuses (Note 1)			
Headline Earnings	Specific target range (Rands) for 25% to 100% vesting and 0% if below the lower end of the target range	40%	100%
Return on Capital Employed (ROCE)	Specific target range (Rands) for 25% to 100% vesting and 0% if below the lower end of the target range	0%	88%
Cash Flow	Specific target range (Rands) for 25% to 100% vesting and 0% if below the lower end of the target range	85%	100%

Share Schemes (SARS & LTIPS)
(Note 2)

Total Shareholder Return (TSR) - 50% of LTIP (Note 3)	14 pre-selected and relevant other listed companies that Tongaat Hulett "competed" against to determine vesting scale based on "position in the field"	33%	30%
Return on Capital Employed (ROCE) - 50% of LTIP	Specific target range (Rands) for 30% to 100% vesting and 0% if below the lower end of the target range	54%	0%
Headline Earnings per Share (HEPS) - SARS	Growth of greater than CPI + 6% over 3 years for 100% vesting, using a three year average HEPS	100%	100%

Share Scheme Performance Condition Targets which vest in 2015/16 through to the 2017/18 financial year
(Note 4)

Headline Earnings per Share (HEPS)	Growth of greater than CPI + 6% over 3 years for 100% vesting, using a three year average HEPS
Total Shareholder Return (TSR)	14 to 16 preselected and relevant other listed companies that Tongaat Hulett "competes" against to determine vesting scale based on "position in the field"
Return on Capital Employed (ROCE)	Specific target range (Rands) for 30% to 100% vesting and 0% if below the lower end of the target range
Sugar Production	Target quantum (annual tons of production) - range
Land Transactions	Target minimum value
Electricity Generation	Target is to establish a regulatory framework suitable for investment in South Africa

Note 1: At the executive / senior management level, 50% of the quantum of the bonus is calculated based on the pre-determined performance measures (the remaining 50% being on individual personal performance assessments). This note reflects the performance measures at the consolidated level and for those managers who are based in an operation, then that operation's operating profit and cash flow is also used as a measure on a similar basis, with a similar calibration. The weighting (within the 50% subject to financial performance conditions) of the various performance conditions for the CEO and CFO was Headline Earnings: 30,0%; ROCE: 7,5%; Cash Flow: 12,5%.

Note 2: In the period to 31 March 2015, the share incentive scheme awards that have vested had the following performance conditions, as detailed in this table: Long-Term Incentive Plan (LTIP) had 50% dependant on TSR and 50% dependant on ROCE while the Share Appreciation Rights were all dependant on HEPS growth.

Note 3: For the TSR assessment, over time the population of companies that Tongaat Hulett has "raced" against has included: AECL, Astral Foods, AVI, Bidvest, Clover Industries Limited, Illovo Sugar, Mondi Limited, Nampak, Omnia Holdings Limited, Oceana Group, Pioneer Foods, RCL Foods Limited, Sappi Limited, Tiger Brands.

Note 4: These are awards made from 2012 to date, which vest in the financial years 2015/16 onwards and have the following performance conditions, as detailed in this table: LTIP's are dependant on 4 of these performance measures (25% each), which vary from year to year and SARS are all dependant on HEPS growth.

Note 5: Further details on specific targets are not disclosed due to commercial sensitivity.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors receive fees for their services as directors on the board and its committees and includes an attendance fee component. 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 authorised by special resolution at the AGM and is set out on page 128 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 2015 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
- Approval of performance conditions and performance targets for bonuses and share schemes
- Reviewing recommendations for fees payable to non-executive directors
- Considered executive succession planning for the organisation as well as talent management
- Reviewed Remuneration Committee terms of reference
- Approval of the Remuneration Report included in the 2015 Integrated Annual Report, including the non-binding advisory vote.

DISCLOSURES ON REMUNERATION MATTERS

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	69
Non-executive directors' remuneration	70
Declaration of full disclosure	70
Interest of directors of the company in share capital	70
Details of share schemes (including performance conditions)	71
Interest of executive directors of the company in share-based instruments	75
Special resolution setting out remuneration to be paid to directors for their services as directors of the company for the ensuing year	128
Non-binding advisory vote on the company's remuneration policy	128



DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS

Executive directors' remuneration (R000)

The executive directors' remuneration for the year ended 31 March 2015 was as follows:

Name	Cash package	Cash bonus *	Retirement and medical contributions	Total
P H Staude	8 301	4 616	1 166	14 083
M H Munro	4 283	1 842	632	6 757
	12 584	6 458	1 798	20 840

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
P H Staude	7 651	5 991	1 060	14 702
M H Munro	3 966	2 478	585	7 029
B G Dunlop (to 31 August 2013)	1 681	979	2 799 #	5 459
	13 298	9 448	4 444	27 190

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.

Includes accrued leave and retirement gratuity.

Executive directors' share incentive gains:

	2015	2014
P H Staude	12 650	966
M H Munro	2 691	5 611
B G Dunlop (to 31 August 2013)		322
	15 341	6 899

DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS AND INTERESTS continued

Non-executive directors' remuneration (R000)

Name	12 months to 31 March 2015			12 months to 31 March 2014		
	Fees	Other	Total	Fees	Other	Total
S M Beesley (from 17 June 2014)	235	31	266			
F Jakoet	325	249	574	281	237	518
J John	325	318	643	305	299	604
R P Kupara	325	159	484	305	139	444
J B Magwaza (to 30 July 2014)	309	73	382	1 075	134	1 209
A A Maleiane (to 1 February 2015)	250		250	305		305
T N Mgoduso	325	110	435	280	103	383
N Mjoli-Mncube	325	344	669	305	324	629
S G Pretorius	325	253	578	305	221	526
C B Sibisi	928	162	1 090	305	103	408
	3 672	1 699	5 371	3 466	1 560	5 026

In the table above, "Fees" relate to the 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 2015.

Interest of directors of the company in share capital

The aggregate holdings as at 31 March 2015 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	2015	2014
Executive directors:		
P H Staude	326 467	258 759
M H Munro	114 517	98 098
	440 984	356 857
Non-executive directors:		
F Jakoet	5 068	5 068
Director who retired		12 275
	5 068	17 343

EMPLOYEE SHARE INCENTIVE SCHEMES

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

The Tongaat-Hulett Group Limited 2001 Share Option Scheme

Under this share option scheme, which ended in the current financial year, participating employees were awarded share options in the company. On vesting, the employee was entitled to purchase shares in the company and then retain or 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 Hulammin were apportioned into a Tongaat Hulett component and a Hulammin component, as detailed in the 2007 Annual Report. The unexercised options at 31 March 2014 comprised 16 200 Tongaat Hulett options, which were exercised in the current year, and 385 500 Hulammin options, which lapsed.

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.

Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2014	Granted	Exercised	Forefeited	Number of rights 31 March 2015
20 August 2007	88,84	15,97	556 792		556 792		
25 April 2008	92,74	16,93	712 204		471 471		240 733
22 May 2009	75,06	12,54	918 586		327 807		590 779
31 May 2010	97,49	20,00	1 077 239		414 024		663 215
31 May 2011	90,42	17,50	1 434 673		654 249		780 424
29 May 2012	110,21	21,73	1 352 021		7 029		1 344 992
29 May 2013	126,85	24,30	1 400 989		6 097	10 816	1 384 076
26 May 2014	121,93	23,96		1 598 882		20 881	1 578 001
			7 452 504	1 598 882	2 437 469	31 697	6 582 220

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	7,78% (2013: 6,73%, 2012: 7,26%, 2011: 7,95%, 2010: 7,71%, 2009: 7,66%, 2008: 8,75%).
Expected volatility	Expected volatility of 27,57% (2013: 28,34%, 2012: 28,51%, 2011: 30%, 2010: 26,78%, 2009: 28% and 2008: 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 2014 award (2013 and 2012: 2,6%, 2011: 2,75%, 2010: 2,5%, 2009: 3,5% and 2008: 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	2014: 74 months; 2013: 62 months; 2012: 50 months; 2011: 38 months; 2010: 26 months; 2009: 14 months and 2008: 1 month.
Contractual	84 months.

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Details of awards in terms of the company's share incentive schemes: 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 2014	Granted	Settled	Lapsed/ forefeited	Number of conditional awards 31 March 2015
31 May 2011	90,42	40,54	202 238		88 107	114 131	
29 May 2012	110,21	47,69	338 932		705	448	337 779
29 May 2013	126,85	49,22	539 655		631	5 549	533 475
26 May 2014	121,93	51,79		578 733		6 954	571 779
			1 080 825	578 733	89 443	127 082	1 443 033

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 2014, 2013 and 2012 awards.
Weighted average share price	As above.
Time constraints	Three years from grant date.
Performance (vesting) conditions	For the 2014 and 2013 awards, 25% of the award will be subject to the TSR condition, 25% to the ROCE condition, 25% to a Sugar Production condition and 25% will be subject to the Large Land Deals of the company condition. No retesting of the performance condition is allowed. For the 2012 award, 25% of the award will be subject to the TSR condition, 25% to the ROCE condition, 25% to a Sugar Production condition and 25% will be subject to the establishment of a regulatory framework for Electricity in South Africa. For the 2011 award, 50% of the LTIP award will be subject to the TSR condition and 50% will be subject to the ROCE condition. No retesting of the performance condition is allowed.
Non-market performance conditions	For the 2014 and 2013 awards, ROCE, Sugar Production and the Large Land Deals conditions. For the 2012 award, ROCE, Sugar Production and the establishment of a regulatory framework for Electricity in South Africa.
Market performance conditions	Total shareholder return (TSR).
Weighted average remaining life:	
Expected	2014: 26 months; 2013: 14 months; and 2012: 2 months.
Contractual	36 months.

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Details of awards in terms of the company's share incentive schemes: 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 2014	Granted	Number of conditional awards 31 March 2015
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
26 May 2014	121,93	89,38		139 767	139 767
			239 847	139 767	379 614

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, 2013 and 2014 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 26 May 2014 award (November 2012, March 2013 and May 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	26 May 2014: 38 months; 29 May 2013: 26 months; 16 November 2012: 20 months; 11 March 2013: 23 months; 31 May 2011: 2 months; 14 November 2011: 7 months; and 28 November 2011: 8 months.
Contractual	48 months.

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Details of awards in terms of the company's share incentive schemes: 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 which are then released from trust.

Expiring three years from	Issue price Rand	Fair value Rand	Number of conditional awards 31 March 2014	Granted	Settled	Number of conditional awards 31 March 2015
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
26 May 2014	121,93	96,60		75 950		75 950
			167 523	75 950	37 885	205 588

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 2014, 2013 and 2012 awards.
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	2014: 26 months; 2013: 14 months and 2012: 2 months.
Contractual	36 months.

The deferred bonus shares were purchased by the participating employees on 2 June 2014 in respect of the 2014 award. (2013 award purchased 31 May 2013 and the 2012 award purchased 30 May 2012).

EMPLOYEE SHARE INCENTIVE SCHEMES continued

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

The Original Share Option Schemes

The option price and number of unexercised options after the unbundling of Hulammin were apportioned into a Tongaat Hulett component and a Hulammin component, as detailed in the 2007 Annual Report. The Tongaat Hulett options were exercised by 31 March 2014, while the remaining 60 000 unexercised options in Hulammin lapsed during the current year.

Share Appreciation Right Scheme 2005

Name	Expiring seven years from	Grant price Rand	Fair value Rand	Number of rights 31 March 2014	Granted	Exercised	Number of rights 31 March 2015	Performance condition and time constrained
P H Staude	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	
	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
	26 May 2014	121,93	23,96		115 081		115 081	115 081
				597 707	115 081	146 793	565 995	313 189
M H Munro	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	
	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
	26 May 2014	121,93	23,96		47 818		47 818	47 818
				199 150	47 818	23 830	223 138	114 167

Long Term Incentive Plan 2005

Name	Expiring three years from	Issue price Rand	Fair value Rand	Number of conditional awards 31 March 2014	Granted	Settled	Lapsed	Number of conditional awards 31 March 2015	Performance condition and time constrained
P H Staude	31 May 2011	90,42	40,54	34 829		15 173	19 656		
	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
	26 May 2014	121,93	51,79		49 144			49 144	49 144
				121 844	49 144	15 173	19 656	136 159	136 159
M H Munro	31 May 2011	90,42	40,54	11 384		4 959	6 425		
	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
	26 May 2014	121,93	51,79		20 420			20 420	20 420
				39 789	20 420	4 959	6 425	48 825	48 825

EMPLOYEE SHARE INCENTIVE SCHEMES continued
Interest of executive directors of the company in share-based instruments continued
Deferred Bonus Plan 2005

Name	Expiring three years from	Issue price Rand	Fair value Rand	Number of conditional awards 31 March 2014	Granted	Delivered	Number of conditional awards 31 March 2015	Conditional awards time constrained
P H Staude	30 May 2011	93,35	71,30	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
	26 May 2014	121,93	96,60		17 451		17 451	17 451
				42 666	17 451	10 856	49 261	49 261
M H Munro	30 May 2011	93,35	71,30	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
	26 May 2014	121,93	96,60		5 539		5 539	5 539
				13 806	5 539	3 492	15 853	15 853

The deferred bonus shares were purchased by the participating employees on 2 June 2014 in respect of the 2014 award. (2013 award purchased 31 May 2013 and the 2012 award purchased 30 May 2012).

The share awards were made and exercised at various times and the average share price for the period was R150,90 (2014: R121,32).

 The gains made by directors are reflected on page 69 of the Remuneration Report.

FINANCIAL REPORTING

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SEGMENTAL ANALYSIS

BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Operating Profit	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2015							
Sugar			21 879	1 900	20 245	557	473
Zimbabwe	3 471	386					
Swaziland	203	29					
Mozambique	1 804	130					
South Africa	6 143	261					
Sugar operations - total	11 621	806	21 879	1 900	20 245	557	473
Starch operations	3 447	561	1 789	599	1 151	91	89
Land Conversion and Developments	1 087	829	2 593	823	1 727	1	1
Centrally accounted and consolidation items		(86)	282	6 254	201	83	1
BEE IFRS 2 charge and transaction costs		(21)		654			
Consolidated total	16 155	2 089	26 543	10 230	23 324	732	564
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

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	2015	2014
South Africa, Mozambique and Zimbabwe	12 947	12 551
Europe	1 592	2 206
Rest of Africa	1 047	725
Australasia	275	134
Asia and other	264	98
North America	30	1
South America		1
	16 155	15 716

The aggregate effect of intra-group transactions is immaterial.

Geographical location of non-current assets: South Africa R13 546 million; Other countries R4 971 million (2014: South Africa R4 827 million; Other countries R12 368 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	2015 US Dollar million	2014 US Dollar million	2013 US Dollar million
Revenue	314	286	380
Sugar sales	292	260	360
Other activities	22	26	20
Sugar stock movement	(28)	35	10
Revenue adjusted for stock movements	286	321	390
Less Costs			
Payments for third party cane	70	76	92
Goods/services/transport/marketing, salaries/wages	135	146	186
Root replant costs	21	3	12
Offcrop costs carried in	14	20	16
Depreciation/amortisation	17	19	19
Profit before cane valuations	29	57	65
Cane valuations - income statement effect	6	(24)	9
Operating profit	35	33	74
Raw sugar production (tons)	445 000	488 000	475 000
Sugar sales (tons)	491 000	426 000	456 000

Mozambique	2015 Metical million	2014 Metical million	2013 Metical million
Revenue	5 171	5 035	5 644
Sugar sales	4 943	4 857	5 452
Other activities	228	178	192
Less Costs			
Payments for third party cane	402	318	350
Goods/services/transport/marketing, salaries/wages	2 887	2 785	3 052
Root replant costs	313	167	339
Offcrop costs carried in	429	466	421
Depreciation/amortisation	522	495	442
Profit before cane valuations	618	804	1 040
Cane valuations - income statement effect	(245)	(308)	368
Operating profit	373	496	1 408
Raw sugar production/sales (tons)	271 000	249 000	235 000

South Africa Sugar	2015 Rand million	2014 Rand million	2013 Rand million
Revenue *	5 229	5 265	4 467
Sugar sales	4 138	4 206	3 554
Other activities	1 091	1 059	913
Less Costs			
Payments for third party cane/SASA levies	2 102	2 194	1 809
Goods/services/transport/marketing, salaries/wages	2 658	2 558	2 325
Root replant costs	94	44	74
Offcrop costs carried in	139	182	131
Depreciation/amortisation	101	125	85
Profit before cane valuations	135	162	43
Cane valuations - income statement effect	126	178	265
Operating profit	261	340	308
Raw sugar production (tons)	541 000	634 000	486 000

* Revenue net of industry redistribution/sugar purchases

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2015

Tongaat Hulett Limited

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FINANCIAL HIGHLIGHTS

	2015	2014
Revenue (Rmillion)	16 155	15 716
Operating profit (Rmillion)	2 089	2 374
Cash flow from operations (Rmillion)	2 533	2 173
Headline earnings (Rmillion)	945	1 106
Headline earnings per share - basic (cents)	826,1	990,5
Annual dividends per share (cents)	380,0	360,0

CURRENCY CONVERSION GUIDE

	Closing rate at 31 March		
	2015	2014	2013
Rand/US dollar	12,17	10,56	9,21
Rand/Metical	0,34	0,34	0,30
Rand/Euro	13,09	14,58	11,82
US dollar/Euro	1,08	1,38	1,28

	Average rate for year		
	2015	2014	2013
Rand/US dollar	11,05	10,13	8,48
Rand/Metical	0,35	0,34	0,30
Rand/Euro	13,96	13,59	10,95
US dollar/Euro	1,26	1,34	1,29

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 69 to 76, page 78 and pages 86 to 121, which comprise the statements of financial position as at 31 March 2015, 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.

National Executive:

*LL Bam Chief Executive *AE Swiegers Chief Operating Officer *GM Pinnock Audit
DL Kennedy Risk Advisory *NB Kader Tax TP Pillay Consulting *K Black Clients & Industries
*JK Mazzocco Talent & Transformation *MJ Jarvis Finance *M Jordan Strategy S Gwala Managed Services
*TJ Brown Chairman of the Board *MJ Comber Deputy Chairman of the Board
Regional Leader: *GC Brazier

A full list of partners and directors is available on request

*Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code
Member of Deloitte Touche Tohmatsu Limited

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 2015, 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 consolidated and separate financial statements for the year ended 31 March 2015, 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

Audit KZN
Registered Auditors
Per W Moodley CA (SA)
Partner

21 May 2015

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

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

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

In preparing the financial statements, the company has used appropriate accounting policies, supported by reasonable and prudent 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 2015 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 81.

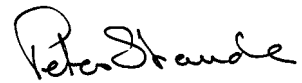
The annual financial statements were approved by the board of directors on 21 May 2015 and are signed on its behalf by:



Bahle Sibisi
Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal

21 May 2015



Peter Staude
Chief Executive Officer



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 2015 and that all such returns are true, correct and up to date.

MAC Mahlari

Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

21 May 2015

DIRECTORS' STATUTORY REPORT

The directors have pleasure in submitting the annual financial statements for the year ended 31 March 2015.

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 2015 amounted to R989 million (2014: R1 155 million). This translates into a headline earnings per share of 826,1 cents (2014: 990,5 cents) based on the weighted average number of shares in issue during the year.

Dividends

An interim gross cash dividend (number 174) of 170 cents per share for the half-year ended 30 September 2014 was paid on 5 February 2015. A final gross cash dividend number 175 of 210 cents per share was declared and is payable on 25 June 2015 to shareholders recorded in the register at the close of business on 19 June 2015.

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

Last date to trade ordinary shares "CUM" dividend	Thursday	11 June 2015
Ordinary shares trade "EX" dividend	Friday	12 June 2015
Record date	Friday	19 June 2015
Payment date	Thursday	25 June 2015

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Friday 12 June 2015 and Friday 19 June 2015, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom transfer secretaries will be paid in British currency at the rate of exchange ruling at the close of business on Thursday 11 June 2015.

The dividend is 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 to shareholders exempt from paying the dividend tax. The issued ordinary share capital as at 21 May 2015 is 135 112 506 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. During the period, 40 500 shares were allotted in respect of options exercised in terms of the company's employee share incentive schemes for a total consideration of R1 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.

In 2007, Tongaat Hulett entered into a broad based BEE equity participation transaction, which inter-alia included an 18% participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles). This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007.

This BEE participation structure involved the issuance of 25 104 976 million "A Preferred Ordinary" shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a 7 year term, within the overall 10 year transaction period contemplated in the agreements. On the 7 year anniversary of the transaction (i.e. beginning of July 2014), the process commenced that resulted in the automatic conversion of the A preferred ordinary shares to Ordinary shares. The A preferred ordinary shares thus converted to ordinary shares and ranked equally (pari passu) with other ordinary shares and were listed on the JSE on 4 July 2014. Further information is provided on page 94.

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 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 JSE Listings Requirements, 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 memorandum of incorporation;
- being authorised by the shareholders of the company in terms of a special resolution of the company in a 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.

Furthermore, in terms of the JSE listings Requirements, 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 21 May 2015;
- 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 21 May 2015. 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 21 May 2015;
- the working capital of the company and the group for a period of 12 months from 21 May 2015 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 2015 is as follows:

	2015	2014
In the aggregate amount:		
Net profit (Rmillion)	1 155	1 277
Net losses (Rmillion)	94	92

Directorate

During the period, J B Magwaza retired as Chairman of the Board on 30 July 2014, 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 30 July 2014. Jenitha John was appointed 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. The Board also appointed Steven Beesley as an independent non-executive director of the Board with effect from 17 June 2014. On 1 February 2015, Adriano Maleiane resigned as a non-executive director. The Board appointed Tomaz Augusto Salomão as an independent non-executive director on 25 May 2015. The composition of the Board is as follows: C B Sibisi (Chairman), P H Staude (CEO), F Jakoet, S M Beesley, J John, R P Kupara, T N Mgoduso, N Mjoli-Mncube, M H Munro, S G Pretorius and T A Salomão.

Directors retiring by rotation at the AGM in accordance with article 61 of the memorandum of incorporation are C B Sibisi, M H Munro and S G Pretorius. T A Salomão is required to retire in accordance with article 59 of the memorandum of incorporation, having been appointed on 25 May 2015. These directors are eligible and offer themselves for re-election/election. Details of each of these retiring directors are set out on pages 52 to 53.

Directors' shareholdings

At 31 March 2015, the directors of the company beneficially held a total of 446 052 ordinary shares equivalent to 0,33 percent in the ordinary listed share capital of the company (2014: 374 200 ordinary shares). Details of the directors' shareholdings and interests in the share incentive schemes are provided on page 70 and pages 75 to 76 of the Remuneration Report. There has been no change in these holdings between 31 March and 21 May 2015.

Audit and Compliance Committee

The Audit and Compliance committee has considered the provisions of the Companies Act and has taken the necessary steps to ensure compliance. The committee confirms that during the period under review it carried out its functions responsibly and in accordance with its terms of reference as detailed in its report contained in the corporate governance section of this integrated annual report on pages 58 to 59. In addition, the committee is satisfied that the designated auditors of the company are independent of the company.

Events after the reporting date

There were no material events between 31 March 2015 and the date of this report.

STATEMENTS OF FINANCIAL POSITION

for the year ended 31 March 2015

Tongaat Hulett Limited

Company				Consolidated	
2014	2015	Rmillion	Note	2015	2014
ASSETS					
Non-current assets					
2 644	2 894	Property, plant and equipment	1	12 059	11 279
1 288	1 490	Growing crops	2	5 473	5 005
501	518	Long-term receivable and prepayments	3	518	485
		Goodwill	4	376	338
69	63	Intangible assets	5	64	70
		Investments	6	27	18
4 004	4 007	Subsidiaries and joint operations	7		
8 506	8 972			18 517	17 195
1 744	1 679	Current assets		8 026	6 781
718	622	Inventories	8	2 472	2 416
812	790	Trade and other receivables		3 290	2 850
139	169	Major plant overhaul costs		595	432
16	1	Derivative instruments	9	1	16
59	97	Cash and cash equivalents	10	1 668	1 067
10 250	10 651	TOTAL ASSETS		26 543	23 976
EQUITY AND LIABILITIES					
Capital and reserves					
135	135	Share capital	11	135	135
1 543	1 544	Share premium		1 544	1 543
		BEE held consolidation shares	12	(674)	(700)
767	780	Retained income		7 959	7 412
449	365	Other reserves		2 925	2 172
2 894	2 824	Shareholders' interest		11 889	10 562
		Minority interests in subsidiaries		1 887	1 628
2 894	2 824	Equity		13 776	12 190
4 868	4 888	Non-current liabilities		7 944	7 612
508	486	Deferred tax	13	2 491	2 131
3 852	3 853	Long-term borrowings	14	4 056	4 094
		Non-recourse equity-settled BEE borrowings	15	654	691
508	549	Provisions	16	743	696
2 488	2 939	Current liabilities		4 823	4 174
1 481	1 573	Trade and other payables	17	3 145	2 741
1 006	1 338	Short-term borrowings	14	1 604	1 293
1	28	Derivative instruments	9	28	1
		Tax		46	139
10 250	10 651	TOTAL EQUITY AND LIABILITIES		26 543	23 976

INCOME STATEMENTS

for the year ended 31 March 2015

Tongaat Hulett Limited

Company		Rmillion	Note	Consolidated	
2014	2015			2015	2014
8 393	8 508	REVENUE		16 155	15 716
944	1 140	OPERATING PROFIT	18	2 089	2 374
(545)	(636)	Financing costs	20	(684)	(646)
4	14	Finance income	20	67	37
403	518	PROFIT BEFORE TAX		1 472	1 765
(56)	1	Tax	21	(425)	(538)
347	519	NET PROFIT		1 047	1 227
		Attributable to:			
347	519	Shareholders of Tongaat Hulett		989	1 155
		Minority (non-controlling) interest		58	72
347	519			1 047	1 227
		EARNINGS PER SHARE (cents)	23		
		Basic		864,6	1 034,4
		Diluted		864,6	1 022,3

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2015

Tongaat Hulett Limited

Company		Rmillion	Consolidated	
2014	2015		2015	2014
347	519	NET PROFIT FOR THE YEAR	1 047	1 227
(5)	(20)	OTHER COMPREHENSIVE INCOME	1 039	1 438
<div style="border: 1px solid black; padding: 5px;"> (12) (25) 3 7 6 (3) (2) 1 </div>		Items that will not be reclassified to profit or loss:		
		Foreign currency translation	1 057	1 446
		Actuarial loss	(23)	(17)
		Tax on actuarial loss	7	5
		Items that may be reclassified subsequently to profit or loss:		
		Hedge reserve	(3)	6
		Tax on movement in hedge reserve	1	(2)
342	499	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2 086	2 665
		Total comprehensive income attributable to:		
		Shareholders of Tongaat Hulett	1 815	2 397
		Minority (non-controlling) interest	271	268
342	499		2 086	2 665

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2015

Tongaat Hulett Limited

	Share Capital		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
Rmillion	Ordinary	A Preferred Ordinary										
CONSOLIDATED												
Balance at 31 March 2013	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
Share capital issued			1							1		1
Vesting of A preferred ordinary shares	25	(25)										
Amortisation of BEE IFRS 2 charge				17		1				18		18
Share-based payment charge						85				85		85
Settlement of share-based payment awards						(175)				(175)		(175)
Reallocation				9					(9)			
Dividends paid									(417)	(417)		(417)
Dividends paid - minorities											(12)	(12)
Total comprehensive income for the year							844	(2)	973	1 815	271	2 086
Retained earnings									973	973	58	1 031
Movement in hedge reserve								(2)		(2)		(2)
Foreign currency translation							844			844	213	1 057
Balance at 31 March 2015	135		1 544	(674)	33	319	2 575	(2)	7 959	11 889	1 887	13 776
COMPANY												
Balance at 31 March 2013	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		
Share capital issued			1							1		
Vesting of A preferred ordinary shares	25	(25)										
Share-based payment charge						85				85		
Settlement of share-based payment awards						(167)				(167)		
Dividends paid									(488)	(488)		
Total comprehensive income for the year								(2)	501	499		
Retained earnings									501	501		
Movement in hedge reserve								(2)		(2)		
Balance at 31 March 2015	135		1 544		29	338		(2)	780	2 824		

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015

Tongaat Hulett Limited

Company		Rmillion	Consolidated	
2014	2015		2015	2014
		Cash generated from operations		
796	715	Operating profit before dividends	2 089	2 374
148	425	Dividends received		
944	1 140	Operating profit	2 089	2 374
(142)	(90)	Surplus on disposal of property, plant and equipment	(77)	(75)
		Adjustments for:		
(69)	(2)	Growing crops and other non-cash flow items	1	64
206	178	Depreciation	564	571
939	1 226	Operating cash flow	2 577	2 934
		Cash required by operations		
(188)	136	Inventories	103	(468)
(13)	(48)	Trade and other receivables	(489)	(388)
127	90	Trade and other payables	342	95
(74)	178	(Increase) / decrease in working capital	(44)	(761)
865	1 404	Cash flow from operations	2 533	2 173
(9)	(13)	Tax payments	(353)	(452)
(541)	(622)	Net financing costs	(617)	(609)
315	769	Cash flow from operating activities	1 563	1 112
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(45)	(52)	New	(203)	(117)
(232)	(386)	Replacement	(509)	(429)
		Major plant overhaul cost changes	(20)	18
(7)	(4)	Expenditure on intangible assets	(4)	(7)
(107)	(76)	Capital expenditure on growing crops	(76)	(118)
147	100	Proceeds on disposal of property, plant and equipment	95	96
90		Investments - subsidiary		
		Investments - other	2	(2)
(154)	(418)	Net cash used in investing activities	(715)	(559)
161	351	Net cash flow before dividends and financing activities	848	553
		Dividends paid		
(352)	(488)	Ordinary and preferred ordinary shares	(417)	(240)
		Minorities	(12)	(13)
(352)	(488)	Dividends paid	(429)	(253)
(191)	(137)	Net cash flow before financing activities	419	300
		Cash flows from financing activities		
(252)	333	Borrowings raised / (repaid)	218	(258)
		Non-recourse equity-settled BEE borrowings	(37)	(31)
5	1	Shares issued	1	5
(15)	(167)	Settlement of share-based payment awards	(175)	(15)
456	8	Inter-group loans		
194	175	Net cash from financing activities	7	(299)
3	38	Net increase in cash and cash equivalents	426	1
56	59	Balance at beginning of year	1 067	917
		Currency alignment	175	149
59	97	Cash and cash equivalents at end of year	1 668	1 067

ACCOUNTING POLICIES AND FRAMEWORK

for the year ended 31 March 2015

Tongaat Hulett Limited

The consolidated and separate 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.

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets are measured initially at cost. After initial recognition, an intangible asset is measured at cost less accumulated amortisation. An intangible asset with a finite useful life is amortised on the straight line basis over its expected useful life, 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 of between 6 and 12 years;
- 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. 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, or whether there should be a reversal of an impairment loss recognised in prior years. 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 or reversal thereof, 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. If the recoverable amount of an asset is estimated to be greater than its carrying amount, its carrying amount is increased to its recoverable amount, which shall not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. Impairment losses and reversals of impairment losses are recognised immediately in profit or loss as exceptional.

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 the determination of revenue, cash and settlement discounts, rebates and VAT are excluded. Land sales include the sale of township properties and large land sales. Large land sales are generally significant in extent and comprises of land that is at various stages of the land conversion process. 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. Large 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, any costs to be incurred can be measured reliably and where applicable, the relevant planning approval stage has been achieved.

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

Resulting exchange differences are classified as a foreign currency translation reserve and recognised 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 year. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in profit or loss for the year.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss for the period. For cash flow hedges affecting future transactions, the gains or losses, which are recognised in 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 2012/13 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

In 2007, Tongaat Hulett entered into a broad-based BEE equity participation transaction which, inter-alia, included an 18% participation structure for two strategic groupings - a cane growing communities trust (Masithuthukisane Trust) together with Sangena and a land conversion communities trust (Mphakathi Trust), together with Ayavuna, through two BEE SPVs (special purpose vehicles) - the TH Infrastructure SPV (10%) and the yoMoba SPV (8%).

This was detailed in a circular to shareholders dated 18 May 2007 and approved by shareholders in June 2007. The original terms and conditions of the transaction agreements have remained in place and have not been altered since their conclusion and approval in 2007. 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.

This BEE participation structure involved the issuance of 25,1 million A preferred ordinary shares in Tongaat Hulett, which were funded by the BEE SPVs through external funding, BEE participants' funding and notional vendor finance in 2007. In accordance with the original agreements and approvals, these shares had a 7-year term, within the overall 10-year transaction period contemplated in the agreements.

In accordance with the various agreements for the 2007 BEE transaction, on the 7-year anniversary of the transaction (i.e. beginning of July 2014), the A preferred ordinary shares held by the BEE SPVs in Tongaat Hulett Limited were automatically converted to ordinary shares. The A preferred ordinary shares thus ceased to exist and the A preferred ordinary dividends of some R112 million per annum are no longer payable. These ordinary shares are held by the BEE SPVs for the time being, rank *pari passu* with other ordinary shares and were listed on the Johannesburg Stock Exchange on 4 July 2014.

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), equity (R5 million) and shareholders' loans (R5 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), equity (R4 million) and shareholders' loans (R4 million). The SPV's participation interests were initially in the form of A preferred ordinary shares, which were entitled to receive a fixed coupon every year for a period of seven years, within the overall ten year transaction period contemplated in the various agreements, until the 7-year anniversary of the transaction (i.e. beginning of July 2014), at which point the A preferred ordinary shares converted to ordinary shares which were then listed on the Johannesburg Stock Exchange. Tongaat Hulett had committed to pay a fixed coupon of R112 million in aggregate on an annual basis on the A preferred ordinary shares and the A preferred ordinary shares would 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. A calculation has been performed which determines the number of these converted shares that Tongaat Hulett is entitled to a buy-back. The number of shares to be repurchased is a function of the value of the shares subscribed for at par, the notional return required by Tongaat Hulett, the success of the

earn-in initiatives by the respective BEE partners and divided by the 30-day volume weighted average price of Tongaat Hulett ordinary shares to 1 July 2014. This buy-back right is subordinated in favour of the repayment of the external funding and the BEE shareholder loans, which have no recourse to Tongaat Hulett and are well covered by the assets in the BEE SPVs. This means that the buy-back by Tongaat Hulett can only occur after the repayment, in due course, of the external funding in the BEE SPVs - i.e. sometime after the initial 7-year period and prior to the ultimate 10 year duration. At the closing share price at 31 March 2014, approximately 4,9 million shares held by the BEE SPVs are required to settle the external funding, which amounted to some R654 million in the two BEE SPVs. Simultaneously, in accordance with the original agreements and formulae, at the current share price, Tongaat Hulett is entitled to buy-back the approximately 20,2 million remaining shares for a consideration of R0,01 per share, in due course in this process. In compliance with IFRS, the two BEE SPVs are consolidated by Tongaat Hulett and consequently the ordinary shares to be repurchased by Tongaat Hulett are not taken into account when calculating earnings per share and headline earnings per share. The external net debt of the SPVs, amounting to R654 million in aggregate at 31 March 2015 (2014: R691 million), is thus reflected on the consolidated statement of financial position and the funding charge incurred by the SPVs is reflected in the consolidated income statement. This BEE debt does not have recourse to Tongaat Hulett and will ultimately effectively be equity-settled.

Tongaat Hulett will use the next period to assess how best to take the 2007 BEE participation structure forward, both within the context of the original intent of a transaction structure that spans 10 years and the context of the strategic importance to Tongaat Hulett of meaningful black economic empowerment. Shareholders will continue to be kept updated on the progression of these 2007 transaction structures and, should any material changes be required, then these would be brought to shareholders for consideration and approval in due course.

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), reached a point in August 2012 where vesting in the trusts took place.

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 costs relating to the 7% BEE employee transaction is amortised over five 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 2015, a further 152 283 ordinary shares became available for delivery to employees. The remaining 928 655 listed ordinary shares are still time constrained for up to five years.

In accordance with IFRS, the ESOP Share Trust and MSOP Share Trust are consolidated by Tongaat Hulett and, consequently, the remaining 928 655 listed ordinary shares are reflected in BEE held consolidation 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 has 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 amended 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, but they are not expected to have a significant impact on Tongaat Hulett's results and disclosures:

Effective for the next financial year:

IAS 19: Defined Benefit Plans: Employee Contributions
IFRS 9: Financial Instruments: Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39.

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:

IAS 1: Disclosure Initiative
IAS 16 and IAS 41: Agriculture: Bearer Plants
IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 27: Equity Method in Separate Financial Statements
IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture
IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
IFRS 14: Regulatory Deferral Accounts

Annual Improvements to IFRSs (2012 - 2014 Cycle):

IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
IFRS 7: Financial Instruments: Disclosures
IAS 19: Employee Benefits
IAS 34: Interim Reporting

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)

	Total	Land, improvements and buildings	Plant and equipment	Vehicles and other	Capitalised leases	Capital work in progress
Consolidated						
Carrying value at beginning of year	11 279	3 205	5 118	2 504	73	379
Additions	712	79	218	122	2	291
Disposals	(18)	(11)	(5)	(2)		
Depreciation	(564)	(88)	(305)	(167)	(4)	
Transfers		1	72	39		(112)
Currency alignment	650	337	149	155	1	8
Carrying value at end of year	12 059	3 523	5 247	2 651	72	566

Comprising:

31 March 2015

At cost	17 178	4 285	8 349	3 869	109	566
Accumulated depreciation	5 119	762	3 102	1 218	37	
	12 059	3 523	5 247	2 651	72	566

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

Company

Carrying value at beginning of year	2 644	472	1 724	172	2	274
Additions	438	4	162	16	2	254
Disposals	(10)	(4)	(6)			
Depreciation	(178)	(7)	(149)	(21)	(1)	
Transfers			58	7		(65)
Carrying value at end of year	2 894	465	1 789	174	3	463

Comprising:

31 March 2015

At cost	5 394	581	3 886	457	7	463
Accumulated depreciation	2 500	116	2 097	283	4	
	2 894	465	1 789	174	3	463

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

Plant and machinery of Mozambique subsidiaries with a book value of R497 million (2014: R495 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R97 million (2014: R101 million).

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

2. GROWING CROPS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Carrying value at beginning of year	5 005	4 583	1 288	1 003
Gain/(loss) arising from physical growth and price changes	28	(276)	58	54
Increase due to increased area under cane	75	131	75	131
Expenditure on new area	76	118	76	107
Decrease due to reduced area under cane	(7)	(8)	(7)	(7)
Currency alignment	296	457		
Carrying value at end of year	5 473	5 005	1 490	1 288
The carrying value comprises:				
Roots	2 923	2 532	1 164	910
Standing cane	2 550	2 473	326	378
	5 473	5 005	1 490	1 288
Area under cane (hectares):				
South Africa	38 107	35 035	38 107	35 035
Mozambique	25 687	25 687		
Swaziland	3 838	3 838		
Zimbabwe	28 494	27 557		
	96 126	92 117	38 107	35 035

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 productive life of the roots (between 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:

	2015					2014
	South Africa	Swaziland	Zimbabwe	Mozambique	Total	
Roots						
Hectares under cane	38 107	3 838	28 494	25 687	96 126	92 117
Amortised root value (Rand per hectare)	30 516	16 660	28 403	34 520	30 406	27 484
Cane						
Hectares for harvest	29 730	3 831	28 448	24 958	86 967	85 059
Standing cane value (Rand per hectare)	10 970	28 334	44 060	34 524	29 319	29 080
Yield (Tons cane per hectare)	54	126	100	90	83	87
Average maturity of cane at 31 March (%)	64	67	64	70	66	69
Statement of Financial Position (Rmillion)						
Roots	1 164	63	810	886	2 923	2 532
Standing cane	326	109	1 253	862	2 550	2 473
Total	1 490	172	2 063	1 748	5 473	5 005

2. GROWING CROPS (Rmillion) continued

	2015	2014
Carrying value at beginning of year	5 005	4 583
Change in fair value *	96	(153)
Currency alignment	296	457
Expenditure on new area	76	118
Carrying value at end of year	5 473	5 005

The IAS 41 fair value change included in profit or loss for the year ended 31 March 2015 is set out below and the fair value measurement disclosures are included in note 25.

	2015	2014		2015	2014
Roots	197	(78)	South Africa	126	178
Standing cane	(101)	(75)	Swaziland	(11)	14
Change in fair value *	96	(153)	Zimbabwe	66	(241)
			Mozambique	(85)	(104)
			Change in fair value *	96	(153)

* 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	
	2015	2014	2015	2014
Long-term receivable				
Employer surplus account	588	552	588	552
Less current portion	(70)	(67)	(70)	(67)
Carrying value at end of year	518	485	518	485
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	(226)	(209)	(210)	(194)
At beginning of year	(209)	(193)	(194)	(180)
Charge for the year	(17)	(16)	(16)	(14)
	(1)	(18)		
				16
Carrying value at end of year	518	485	518	501

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	
	2015	2014
Carrying value at beginning of year	338	300
Currency alignment	38	38
Carrying value at end of year	376	338

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 2015, the carrying value of goodwill was considered not to require impairment.

5. INTANGIBLE ASSETS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Cost:				
At beginning of year	118	111	112	105
Additions	4	7	4	7
At end of year	122	118	116	112
Accumulated amortisation:				
At beginning of year	48	33	43	28
Charge for the year	10	15	10	15
At end of year	58	48	53	43
Carrying value at end of year	64	70	63	69
The carrying value comprises:				
Software	44	53	44	53
Patents and licences	19	16	18	15
Cane supply agreements	1	1	1	1
	64	70	63	69

6. INVESTMENTS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Unlisted shares	26	17		
Loans	1	1		
Carrying value of investments (Directors' valuation)	27	18		

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

7. SUBSIDIARIES AND JOINT OPERATIONS (Rmillion)

Company

	2015	2014
Shares at cost, less amounts written off	4 307	4 307
Indebtedness by	699	631
Indebtedness to	(999)	(934)
	4 007	4 004

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. With effect from 1 April 2014, a 50% interest in a joint operation was disposed of for R2 million, resulting in a surplus on disposal of R2 million.

Consolidated

	2015	2014
Property, plant and equipment	5	6
Current assets	209	199
Less Current liabilities	(56)	(56)
Interest in joint operations	158	149
Tongaat Hulett's proportionate share of the trading results of the joint operations is as follows:		
Revenue	13	17
Operating profit	1	1
Financing income/(costs)	1	(1)
Profit before tax	2	
Tax	(1)	
Net profit after tax	1	
Tongaat Hulett's proportionate share of cash flows of the joint operations is as follows:		
Cash flows from operating activities	(12)	16
Net cash used in investing activities	(4)	(18)
Movement in net cash resources	(16)	(2)

8. INVENTORIES (Rmillion)

Consolidated

Company

	2015	2014	2015	2014
Raw materials	333	408	287	401
Work in progress	28	21	28	20
Finished goods	471	747	147	154
Consumables	754	585	160	143
Development properties	761	546		
Livestock and game	125	109		
	2 472	2 416	622	718

Included in raw materials is an amount of R234 million (2014: R321 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. DERIVATIVE INSTRUMENTS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
The fair value of derivative instruments at year end was:				
Forward exchange contracts - hedge accounted	(3)	(1)	(3)	(1)
Futures contracts - hedge accounted	(24)	16	(24)	16
	(27)	15	(27)	15
Summarised as:				
Derivative assets	1	16	1	16
Derivative liabilities	(28)	(1)	(28)	(1)
	(27)	15	(27)	15

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	
	2015	2014	2015	2014
Authorised:				
150 000 000 ordinary shares of R1,00 each	150	150	150	150
Nil (2014: 30 000 000) A preferred ordinary shares of R1,00 each		30		30
Nil (2014:10) redeemable preference shares of R1,00 each				
	150	180	150	180
Issued and fully paid:				
135 112 506 (2014: 109 967 030) ordinary shares of R1,00 each	135	110	135	110
Nil (2014: 25 104 976) A preferred ordinary shares of R1,00 each		25		25
	135	135	135	135

Under control of the directors in terms of a shareholders' resolution: 6 753 600 shares (2014: 5 432 385 shares).

In terms of the original agreements and approvals of the 2007 BEE transaction, the A preferred ordinary shares had a 7-year term, within the overall 10 year transaction period. Accordingly, in July 2014, being the seventh anniversary, the compulsory conversion of the A preferred ordinary shares into ordinary shares occurred and these new ordinary shares were listed on the JSE on 4 July 2014, ranking pari passu with the other ordinary shares. The A preferred ordinary shares and the redeemable preference shares thus ceased to exist. Further information is provided on page 94.

Details of the employee share incentive schemes are set out in the Remuneration Report.

12. BEE HELD CONSOLIDATION SHARES (Rmillion)

Consolidated	
2015	2014
25 104 976 (2014: nil) ordinary shares	839
Nil (2014: 25 105 976) A preferred ordinary shares	839
928 655 (2014: 1 080 938) ordinary shares	18
	857
Less amount attributable to BEE SPV shareholders	(157)
	700

13. DEFERRED TAX (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Balance at beginning of year	2 131	1 930	508	463
Currency alignment	204	179		
Current year other comprehensive income (relief) / charge on:				
Actuarial loss	(7)	(5)	(7)	(3)
Hedge reserve	(1)	2	(1)	2
Current year income statement charge / (relief) on:				
Earnings before capital profits	161	16	(17)	33
Capital profits	3	13	3	13
Rate change adjustment		(4)		
Balance at end of year	2 491	2 131	486	508
Comprising temporary differences related to:				
Property, plant and equipment	1 736	1 477	511	527
Growing crops	1 101	925	417	361
Long-term receivable	165	154	165	154
Current assets	221	162	8	9
Current liabilities	(107)	(104)	(41)	(40)
Tax losses	(452)	(370)	(361)	(264)
Other	(173)	(113)	(213)	(239)
	2 491	2 131	486	508

14. BORROWINGS (Rmillion)

		Consolidated		Company	
		2015	2014	2015	2014
Long-term		4 056	4 094	3 853	3 852
Short-term and bank overdraft		1 604	1 293	1 338	1 006
		5 660	5 387	5 191	4 858
Long-term borrowings comprise:					
	Effective interest rate				
Secured:					
SA Rand					
Repayable 2020/21	9,00%	238	274		
Finance leases (refer to note 28)	7,50%	4	3	4	3
		242	277	4	3
Unsecured:					
SA Rand					
Repayable 2019/20	3 month JIBAR + 2,05%	500		500	
Repayable 2019/20	3 month JIBAR + 2,00%	350		350	
Repayable 2018/19	3 month JIBAR + 1,85%	350		350	
Bond repayable 2018/19	3 month JIBAR + 2,60%	350	350	350	350
Bond repayable 2018/19	3 month JIBAR + 2,40%	170	170	170	170
Repayable 2017/18	3 month JIBAR + 2,33%	500	500	500	500
Repayable 2017/18	3 month JIBAR + 2,70%	180	180	180	180
Repayable 2016/17	3 month JIBAR + 2,50%	500	500	500	500
Bond repayable 2016/17	3 month JIBAR + 2,43%	400	400	400	400
Repayable 2016/17	3 month JIBAR + 2,10%	300	300	300	300
Repayable 2016/17	3 month JIBAR + 2,17%	250	250	250	250
Repaid during the year			1 200		1 200
Foreign					
Indefinite	nil	4	4		
		3 854	3 854	3 850	3 850
Long-term borrowings		4 096	4 131	3 854	3 853
Less Current portion included in short-term borrowings		40	37	1	1
		4 056	4 094	3 853	3 852

Plant and machinery of Mozambique subsidiaries with a book value of R497 million (2014: R495 million) are encumbered as security for the secured long-term borrowings and certain short-term borrowings of R97 million (2014: R101 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 R50 million (2014: R39 million) and in Zimbabwe equivalent to R191 million (2014: R203 million).

Summary of future loan repayments by financial year:

Year	2015/16	2016/17	2017/18	2018/19	2019/20	Thereafter
Rmillion	40	1 494	728	922	908	4

In terms of the company's memorandum of incorporation the borrowing powers exercisable by the directors is limited to R20 664 million.

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

		Consolidated	
		2015	2014
The non-recourse equity-settled BEE borrowings comprise:			
	Effective interest rate		
4 122 000 Class A redeemable preference shares	nil (9,335% nacs)		24
4 122 000 Class B redeemable preference shares	77% of prime (11,960% nacs)	697	649
Accrued dividends			19
		697	692
Less BEE cash resources		43	1
		654	691

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 ordinary shares (2014: 11 157 767 A preferred ordinary shares) and TH Infrastructure SPV (Pty) Limited owns 13 947 209 ordinary shares (2014: 13 947 209 A preferred ordinary shares) in Tongaat Hulett.

The original preference share structure ran up until mid-2014 and had a fixed coupon payable semi-annually on 2 January and 1 July each year. The Class A redeemable preference shares were repaid on 1 July 2014, whilst the repayment terms of the Class B redeemable preference shares were extended to 31 July 2015, with the dividend payable on these shares also payable on 31 July 2015. The debt due will be settled by the SPVs utilising the shares that they hold in Tongaat Hulett, together with dividends received from Tongaat Hulett. These SPVs will continue to be consolidated while Tongaat Hulett carries a residual risk in these entities.

16. PROVISIONS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Post-retirement medical aid obligations	542	487	427	396
Retirement gratuity obligations	198	176	122	112
Other	3	33		
	743	696	549	508

Further details on provisions are set out in note 31.

17. TRADE AND OTHER PAYABLES (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Accounts payable	2 899	2 407	1 327	1 147
Maize obligation - interest bearing	246	334	246	334
	3 145	2 741	1 573	1 481

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

18. OPERATING PROFIT (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Revenue	16 155	15 716	8 508	8 393
Cost of sales - cane and maize purchases	(4 223)	(4 423)	(3 309)	(3 545)
Cost of sales - other (includes goods, services, salaries and wages)	(8 309)	(7 085)	(3 918)	(3 558)
Administration and other expenses	(1 581)	(1 678)	(707)	(718)
Marketing and selling expenses	(367)	(334)	(244)	(247)
Other net income (including growing crops fair value change *)	387	133	774	504
Capital profits (refer to note 19)	48	66	55	135
BEE IFRS 2 charge and transaction costs	(21)	(21)	(19)	(20)
Operating profit	2 089	2 374	1 140	944
Disclosable items included in operating profit:				
Income from subsidiaries:				
Dividends received			425	148
Management fees			99	91
Amortisation of intangible assets	10	15	10	15
Auditors' remuneration:				
Fees	15	14	6	6
Other services	2	2	1	1
Depreciation charged:				
Buildings	88	80	7	7
Plant and equipment	305	321	149	168
Vehicles and other	171	170	22	31
Growing crops: gain/(loss) from change in fair value *	96	(153)	126	178
Management fees paid to subsidiaries			1	1
Management fees paid to third parties	5	4		
Operating lease charges (property, plant and vehicles)	68	71	62	65
(Loss)/surplus on disposal of property, plant and equipment	(4)	1	2	
Share-based payments:				
IFRS 2 charge on SARS, LTIP and DBP	85	67	73	57
BEE IFRS 2 charge	18	16	16	15
Technical fees paid	17	13	17	13
Translation of foreign currencies	16	37	1	1
Valuation adjustments:				
Financial instruments	1	1	1	1
Fair value hedges:				
Net gains on the hedged item	37	47	37	47
Net losses on the hedging instrument	(37)	(47)	(37)	(47)

* 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	
	2015	2014	2015	2014
Comprises:				
Surplus on sale of land and buildings	81	74	88	142
Costs thereon	(33)	(8)	(33)	(7)
Capital profits before tax	48	66	55	135
Tax (refer to note 21)	(3)	(18)	(3)	(13)
Capital profits after tax	45	48	52	122

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

	Consolidated		Company	
	2015	2014	2015	2014
Net financing costs comprise:				
Interest paid - external	(685)	(646)	(524)	(469)
Interest capitalised	1		1	
Interest paid - subsidiaries			(113)	(76)
Financing costs	(684)	(646)	(636)	(545)
Interest received - external	67	37	14	3
Interest received - subsidiaries				1
Finance income	67	37	14	4
Net financing costs	(617)	(609)	(622)	(541)

21. TAX (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Earnings before capital profits:				
Current	260	507	13	10
Deferred	161	16	(17)	33
Rate change adjustment (deferred)		(4)		
Prior years	1	1		
	422	520	(4)	43
Capital profits:				
Current		5		
Deferred	3	13	3	13
	3	18	3	13
Tax charge for the year	425	538	(1)	56
Foreign tax included above	405	183	13	10

21. TAX (Rmillion) continued

	Consolidated		Company	
	2015	2014	2015	2014
Tax charge at normal rate of South African tax	412	494	145	113
Adjusted for:				
Non-taxable income and permanent allowances/deductions	(56)	(14)	(164)	(77)
Assessed losses of foreign subsidiaries	10	(7)		
Non-allowable expenditure	33	29	9	2
Foreign tax rate variations	12	11		
Foreign withholding tax	10	10	6	5
Rate change adjustment (deferred)		(4)		
Capital gains	3	18	3	13
Prior years	1	1		
Tax charge	425	538	(1)	56
Normal rate of South African tax	28,0%	28,0%	28,0%	28,0%
Adjusted for:				
Non-taxable income and permanent allowances/deductions	(3,8)	(0,8)	(31,7)	(19,1)
Assessed losses of foreign subsidiaries	0,7	(0,4)		
Non-allowable expenditure	2,2	1,7	1,7	0,5
Foreign tax rate variations	0,8	0,6		
Foreign withholding tax	0,7	0,6	1,2	1,2
Rate change adjustment (deferred)		(0,2)		
Capital gains	0,2	1,0	0,6	3,2
Prior years	0,1			
Effective rate of tax	28,9%	30,5%	(0,2%)	13,8%

22. HEADLINE EARNINGS (Rmillion)

	Consolidated	
	2015	2014
Profit attributable to shareholders	989	1 155
Less after tax effect of:	(44)	(49)
Capital profit on disposal of land and buildings	(48)	(66)
Capital profit on other items	(2)	
Loss/(surplus) on disposal of property, plant and equipment	4	(1)
	(46)	(67)
Tax charge on capital profit on sale of land	3	18
Tax charge on disposal of other fixed assets	(1)	
Headline earnings	945	1 106
Headline earnings per share (cents)		
Basic	826,1	990,5
Diluted	826,1	978,9

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 114 388 093 (2014: 111 655 446). In respect of diluted earnings per share, the weighted average number of shares is 114 388 093 (2014: 112 979 644) and includes nil shares (2014: 941 010 shares) that relate to employee share award schemes and nil shares (2014: 383 188) that relate to BEE schemes.

24. DIVIDENDS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Ordinary share capital				
Final for previous year, paid 26 June 2014: 210 cents (2014: 190 cents)	231	206	231	206
Interim for current year, paid 5 February 2015: 170 cents (2014: 150 cents)	229	34	229	34
A preferred ordinary share capital				
Interim for current year, paid 30 June 2014: 223 cents (30 June 2013: 223 cents)	28	56	28	56
Final for current year, paid 31 December 2014: Nil (31 December 2013: 223 cents)		56		56
Accrued for three months to 31 March 2015: Nil (2014: 223 cents)		28		28
	488	380	488	380
Less dividends relating to BEE SPV consolidation shares	(71)	(140)		
	417	240	488	380

The final ordinary dividend for the year ended 31 March 2015 of 210 cents per share, declared on 21 May 2015 and payable on 25 June 2015, 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	
	2015	2014	2015	2014
Financial assets				
Derivative instruments in designated hedge accounting relationships	1	16	1	16
Unlisted shares	27	18		
Loans and receivables at amortised cost	5 476	4 402	1 405	1 356
	5 504	4 436	1 406	1 372
Financial liabilities				
Derivative instruments in designated hedge accounting relationships	28	1	28	1
Financial liabilities at amortised cost	8 688	8 124	6 687	6 268
Non-recourse equity-settled BEE borrowings	654	691		
	9 370	8 816	6 715	6 269

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), interest rate swaps, 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	
	2015	2014	2015	2014
Less than 1 month	41	41	25	32
Between 1 to 2 months	13	12	2	4
Between 2 to 3 months	6	9		2
Greater than 3 months	319	240	3	15
Total past due	379	302	30	53

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	21	20	1	2
Currency alignment	2	2		
Increase/(decrease) in allowance recognised in profit or loss	2	(1)	1	(1)
Balance at end of year	25	21	2	1

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)	2015 Fair value of FEC (Rmillion)	2014 Fair value of FEC (Rmillion)		Average contract rate	Commitment (Rmillion)	2015 Fair value of FEC (Rmillion)	2014 Fair value of FEC (Rmillion)
Imports									
US dollar	12,05	48	1			12,05	48	1	
Exports									
US dollar	12,07	163	(4)	(1)		12,07	163	(4)	(1)
Net total			(3)	(1)				(3)	(1)

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				
	Average contract rate	Commitment (Rmillion)	2015 Fair value of FEC (Rmillion)	2014 Fair value of FEC (Rmillion)		Average contract rate	Commitment (Rmillion)	2015 Fair value of FEC (Rmillion)	2014 Fair value of FEC (Rmillion)
Imports									
US dollar	12,27	6				12,27	6		
Euro	13,10	1				13,10	1		
UK pound	18,46	1				18,46	1		
Exports									
US dollar	11,49	3				11,49	3		
Net total			-	-				-	-

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)	2015 (Rmillion)	2014 (Rmillion)	Foreign amount (million)	2015 (Rmillion)	2014 (Rmillion)
US dollar	1	8	63	1	8	63
Australian dollar	5	42	47	5	42	47
New Zealand dollar		3	2			
		53	112		50	110

The impact of a 10% strengthening or weakening of the Rand on the uncovered Australian dollar receivable will have a R4 million (2014: R5 million) impact on profit before tax and a R3 million (2014: R3 million) impact on equity. The impact of a 10% strengthening or weakening of the Rand on the uncovered US dollar receivable will have a R1 million (2014: R6 million) impact on profit before tax and a R1 million (2014: R5 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 2015 and a significant portion of its requirements for the period to 31 May 2016 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			
		Contract value	2015 Fair value	2014 Fair value		Contract value	2015 Fair value	2014 Fair value
	Tons	(Rmillion)	(Rmillion)	(Rmillion)		Tons	(Rmillion)	(Rmillion)
Futures - hedge accounted:								
Maize futures sold	24 800	64	(32)	19	24 800	64	(32)	19
Maize futures purchased	11 900	29	8	(3)	11 900	29	8	(3)
			(24)	16			(24)	16
Period when cash flow is expected to occur			2015/16	2014/15	2015/16			2014/15
When expected to affect profit or loss			2015/16	2014/15	2015/16			2014/15
Loss recognised in equity during the year			2		2			
Loss transferred from equity and recognised in profit or loss				4				4

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 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 benefit of R96 million (2014: charge of R153 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 83 tons per hectare (2014: 87 tons per hectare), and prices. For commercial reasons, selling prices cannot be disclosed. A change in yield of one ton per hectare would result in a R25 million (2014: R26 million) change in fair value, while a change of one percent in the cane price would result in a R26 million (2014: R24 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 R21 million (2014: R23 million) effect on profit before tax and a R15 million (2014: R17 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 R2,55 billion (2014: R2,84 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
2015							
Bank loans	8,0%	1 699	1 749	2 754		(1 023)	5 179
Foreign loans	10,1%	303	61	182		(73)	473
Other borrowings	7,4%	255				(9)	246
Financial lease liability	9,2%	2	1	2		(1)	4
Other non-interest bearing liabilities		2 782			4		2 786
Net settled derivatives		28					28
Total for Tongaat Hulett		5 069	1 811	2 938	4	(1 106)	8 716
Non-recourse equity-settled BEE borrowings		666				(12)	654
Total including SPV debt		5 735	1 811	2 938	4	(1 118)	9 370
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

26. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT OPERATIONS (Rmillion)

Name	Principal activity	Interest of holding company			
		Equity		Indebtedness	
		2015	2014	2015	2014
Tongaat Hulett Starch (Pty) Limited	Wet maize milling, starch & glucose manufacturing operation	15	15	35	37
Tongaat Hulett Developments (Pty) Limited	Land & property development activities			(922)	(857)
Tongaat Hulett Estates (Pty) Limited	Estate agency				
Tongaat Hulett Sugar Limited	Raw sugar refining, packaging and production of liquid & dry speciality sugars	4 238	4 238	646	576
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	4 307	(300)	(303)

Except where otherwise indicated, effective participation is 100%.

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

Non-wholly owned subsidiary 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 as consolidated in Tongaat Hulett's financial statements:	Consolidated	
	2015	2014
Non-current assets	3 378	2 920
Current assets	1 260	1 079
Non-current liabilities	(1 672)	(1 522)
Current liabilities	(231)	(182)
Equity attributable to Tongaat Hulett	(1 356)	(1 141)
Non-controlling interests	1 379	1 154
Revenue	1 621	1 380
Profit attributable to Tongaat Hulett	37	41
Profit attributable to non-controlling interests	36	40
Profit for the year	73	81

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

Summarised financial information continued	Consolidated	
	2015	2014
Other comprehensive income attributable to Tongaat Hulett	178	143
Other comprehensive income attributable to non-controlling interests	176	141
Other comprehensive income for the year	354	284
Total comprehensive income attributable to Tongaat Hulett	215	184
Total comprehensive income attributable to non-controlling interests	212	181
Total comprehensive income for the year	427	365
Net cash inflow from operating activities	389	300
Net cash outflow from investing activities	(406)	(313)
Net cash inflow from financing activities	24	279
Net cash inflow for the year	7	266

27. GUARANTEES AND CONTINGENT LIABILITIES (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Guarantees in respect of obligations of Tongaat Hulett and third parties	33	113	6	6
Contingent liabilities		3		
	33	116	6	6

28. LEASES (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	2	2	2	2
Later than one year and not later than five years	3	2	3	2
	5	4	5	4
Less future finance charges	(1)	(1)	(1)	(1)
Present value of lease obligations	4	3	4	3
Payable:				
Not later than one year	1	1	1	1
Later than one year and not later than five years	3	2	3	2
	4	3	4	3
Operating lease commitments, amounts due:				
Not later than one year	30	65	27	61
Later than one year and not later than five years	52	63	48	56
	82	128	75	117
In respect of:				
Property	39	84	33	75
Plant and machinery	3	6	4	5
Other	40	38	38	37
	82	128	75	117

29. CAPITAL EXPENDITURE COMMITMENTS (Rmillion)

	Consolidated		Company	
	2015	2014	2015	2014
Contracted	163	74	74	22
Approved but not contracted	478	152	388	124
	641	226	462	146

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	
	2015	2014	2015	2014
Goods and services:				
Transacted between operating entities within the company			1	1
Between the company and its subsidiaries			605	761
Transacted between subsidiaries within Tongaat Hulett	836	795		
Administration fees and other income:				
Transacted between operating entities within the company			3	6
Between the company and its subsidiaries			188	513
Transacted between subsidiaries within Tongaat Hulett	111	108		
Transacted with/between joint operations within Tongaat Hulett	2	5		
Paid to external related parties	5	5		
Interest received/paid:				
Transacted between operating entities within the company			510	474
Paid by the company to its subsidiaries			113	76
Received by the company from its subsidiaries				1
Transacted between subsidiaries within Tongaat Hulett	131	95		
Transacted with/between joint operations within Tongaat Hulett	4	5		
Sales of fixed assets:				
Between the company and its subsidiaries			93	107
Transacted between subsidiaries within Tongaat Hulett	76	52		
Loan balances:				
Between operating entities within the company			6 243	5 816
Between the company and its subsidiaries			300	303
Pension Fund loan - employer surplus account	79	73	79	73
Dividends received:				
Between the company and its subsidiaries			425	148
Transacted between subsidiaries within Tongaat Hulett	390	140		
Other related party information:				
Total dividends paid - refer to note 24				
Directors - refer to pages 69 to 70 and pages 75 to 76 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 R98 million were expensed during the year (2014: R94 million).

Zimbabwe Pension Funds

The post-retirement benefit provisions for the Zimbabwe operations at 31 March 2015 amount to R185 million (2014: R186 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):**Fair value of fund assets**

	2015 (Rmillion)	2014 (Rmillion)
Balance at beginning of year	751	737
Expected return on scheme assets	38	34
Settlements/conversion	4	(20)
Balance at end of year	793	751

Comprises:

Employer surplus account (note 3)	588	552
Provisions and reserves	205	199
	793	751

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	
	2015	2014	2015	2014
Amounts recognised in the statement of financial position:				
Net liability at beginning of year	487	448	396	383
Actuarial loss/(gain):	25	10	20	4
From changes in financial assumptions	11	1	15	1
From changes in demographic assumptions	8	6		(4)
From changes in experience items during the year	6	3	5	7
Net expense recognised in income statement	49	48	38	33
Employer contributions	(33)	(29)	(27)	(24)
Currency alignment	14	10		
Net liability at end of year	542	487	427	396
Amounts recognised in profit or loss:				
Current service costs	8	6	3	3
Past service costs		7		
Interest costs	41	35	35	30
	49	48	38	33
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	8,10%	9,00%	8,10%	9,00%
Mozambique	7,34%	6,75%		
Zimbabwe	5,00%	7,00%		
Health care cost inflation rate				
South Africa	7,20%	7,75%	7,20%	7,75%
Mozambique	6,51%	6,00%		
Zimbabwe	3,50%	5,75%		
Sensitivity analysis:				
On discount rate				
1% increase in trend rate - decrease in the aggregate of the service and interest costs	(2)	(2)	(1)	(1)
1% increase in trend rate - decrease in the obligation	(56)	(53)	(41)	(38)
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	69	65	49	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	69	65	49	45
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	(2)	(2)	(1)	(1)
1% decrease in trend rate - decrease in the obligation	(57)	(54)	(42)	(38)
Estimated contributions payable in the next financial year	34	30	28	26

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2015	2014	2015	2014
Weighted average duration of the obligation				
South Africa	11,3 years	11,3 years	11,3 years	11,3 years
Mozambique	6,1 years	4,9 years		
Zimbabwe	17,0 years	17,8 years		

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) turns out 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	
	2015	2014	2015	2014
Amounts recognised in the statement of financial position:				
Net liability at beginning of year	176	152	112	102
Actuarial (gain)/loss:	(2)	7	5	8
From changes in financial assumptions	1		4	
From changes in demographic assumptions		2		2
From changes in experience items during the year	(3)	5	1	6
Net expense recognised in income statement	25	22	16	14
Payments made by the employer	(12)	(13)	(11)	(12)
Currency alignment	11	8		
Net liability at end of year	198	176	122	112
Amounts recognised in profit or loss:				
Service costs	10	9	6	6
Interest costs	15	13	10	8
	25	22	16	14

31. RETIREMENT BENEFITS (Rmillion) continued

	Consolidated		Company	
	2015	2014	2015	2014
The principal actuarial assumptions applied are:				
Discount rate				
South Africa	8,10%	9,00%	8,10%	9,00%
Zimbabwe	5,00%	7,00%		
Salary inflation rate				
South Africa	6,95%	7,50%	6,95%	7,50%
Zimbabwe	2,75%	5,00%		
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	(18)	(16)	(10)	(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	21	18	12	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	21	18	12	11
1% decrease in trend rate - decrease in the aggregate of the service and interest costs	(3)	(3)	(2)	(2)
1% decrease in trend rate - decrease in the obligation	(18)	(16)	(10)	(9)
Estimated contributions payable in the next financial year	18	15	11	11
Weighted average duration of the obligation				
South Africa	9,9 years	9,8 years	9,9 years	9,8 years
Zimbabwe	11,0 years	11,4 years		
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) turn out 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	69
Non-executive directors' remuneration	70
Declaration of full disclosure	70
Interest of directors of the company in share capital	70

33. EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards made in terms of the company's share incentive schemes comprising the Share Appreciation Right Scheme 2005, the Long Term Incentive Plans 2005 and the Deferred Bonus Plan 2005 are set out on pages 71 to 74 of the Remuneration Report and details of the interest of directors in share-based instruments are set out on pages 75 to 76.

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 specific repurchase rights at maturity (five years from grant date), 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 at maturity of the scheme on 1 August 2012.

Employee Share Ownership Plan

Grant date	Balance at 31 March 2014	Released including deaths in service	Forfeited / adjustments	Balance time constrained
1 August 2009	20 330	(19 734)	(596)	
1 February 2010	23 622	(22 836)	(786)	
1 August 2010	13 022	(125)	(250)	12 647
1 February 2011	12 310	(93)	(93)	12 124
1 August 2011	11 668		(200)	11 468
Unallocated	28 034		1 925	29 959
	108 986	(42 788)		66 198

Management Share Ownership Plan

Grant date	Balance at 31 March 2014	Released including deaths in service	Awarded during 2014/15	Forfeited / adjustments	Balance time constrained
1 August 2009	36 876	(36 876)			
1 February 2010	72 619	(72 619)			
1 August 2010	49 749				49 749
1 February 2011	19 576				19 576
1 August 2011	77 998				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	250 638				250 638
7 January 2013	5 000				5 000
1 March 2013	4 855				4 855
15 April 2013 *				1 552	1 552
1 July 2013	25 000				25 000
1 August 2014			48 393	(788)	47 605
1 September 2014			1 928		1 928
Unallocated	247 302		(50 321)	2 018	198 999
	971 952	(109 495)			862 457

* Adjustment made for award on 15 April 2013 that had previously been omitted.

35. CHANGE IN ACCOUNTING POLICY IN THE PRIOR YEAR (Rmillion)

During the year ended 31 March 2014, the company adopted the revised IAS 19 Employee Benefits. The adoption of this standard resulted in actuarial gains and losses being recognised immediately in other comprehensive income and no longer being amortised via profit or loss. The effect of the change in accounting policy on the 2012/13 financial statements is disclosed below.

	Consolidated	Company
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)
Foreign currency translation	6	
Increase in provision for retirement benefits	(68)	(104)
Deferred tax	21	29
Equity at 31 March 2013 restated	9 705	2 847

FIVE-YEAR REVIEW

FINANCIAL STATISTICS	2015	2014	2013	2012	2011
TRADING RESULTS (Rmillion)					
Revenue	16 155	15 716	14 373	12 081	9 681
Operating profit	2 089	2 374	2 131	1 879	1 604
Net financing costs	(617)	(609)	(560)	(507)	(472)
Profit before tax	1 472	1 765	1 571	1 372	1 132
Tax	(425)	(538)	(392)	(351)	(261)
Minority shareholders	(58)	(72)	(100)	(132)	(38)
Net profit attributable to shareholders	989	1 155	1 079	889	833
Headline earnings attributable to shareholders	945	1 106	1 067	891	806
SOURCE OF CAPITAL (Rmillion)					
Shareholders' interest	11 889	10 562	8 332	6 709	4 800
Minority interests in subsidiaries	1 887	1 628	1 373	1 087	840
Equity	13 776	12 190	9 705	7 796	5 640
Deferred tax	2 491	2 131	1 930	1 663	1 365
Borrowings - long and short-term	5 660	5 387	5 559	4 996	4 275
Non-recourse equity-settled BEE borrowings	654	691	722	737	761
Provisions	743	696	722	574	510
Capital employed	23 324	21 095	18 638	15 766	12 551
EMPLOYMENT OF CAPITAL (Rmillion)					
Property, plant, equipment, investments and intangibles	12 526	11 705	10 679	9 363	7 934
Growing crops	5 473	5 005	4 583	3 575	2 608
Long-term receivables	518	485	455	409	429
Inventories, receivables and derivative instruments	6 358	5 714	4 667	3 843	3 170
Cash and cash equivalents	1 668	1 067	917	592	350
Total assets	26 543	23 976	21 301	17 782	14 491
Current liabilities (excluding short-term borrowings)	3 219	2 881	2 663	2 016	1 940
	23 324	21 095	18 638	15 766	12 551
RATIOS AND STATISTICS					
EARNINGS					
Headline earnings per share - (cents)	826,1	990,5	968,0	838,9	760,5
Dividends per share - (cents)	380,0	360,0	340,0	290,0	250,0
Dividend cover - (times)	2,2	2,8	2,8	2,9	3,0
PROFITABILITY					
Operating margin	12,9%	15,1%	14,8%	15,6%	16,6%
Return on capital employed	10,3%	12,9%	13,3%	14,0%	14,0%
FINANCE					
Debt to equity	41,1%	44,2%	57,3%	64,1%	75,8%
Net debt to equity	29,0%	35,4%	47,8%	56,5%	69,6%
SHARES					
Shares in issue - (millions)					
- issued	135	110	109	105	105
- weighted	114	112	110	106	106
Market capitalisation - Rmillion	18 173	12 501	15 586	10 934	10 238
Value of shares traded - Rmillion	7 287	6 038	7 348	2 833	3 173
Share price - (cents)					
- balance sheet date	13 450	11 368	14 345	10 399	9 749
- high	17 493	14 500	14 940	10 770	11 000
- low	11 236	10 700	10 301	8 547	9 300
Volume of shares traded - (millions)	48	49	56	30	34



DEFINITIONS

OPERATING PROFIT

Operating profit comprises results of operations, centrally accounted and consolidation items.

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

for the year ended 31 March 2015

Tongaat Hulett Limited

Number of shareholders	Spread	Shares held	% Held
5 116	1 - 1 000 shares	1 480 894	1,10
1 438	1 001 - 10 000 shares	4 407 182	3,26
513	10 001 - 100 000 shares	16 046 818	11,88
142	100 001 - 1 000 000 shares	40 519 203	29,99
20	more than 1 000 000 shares	72 658 409	53,77
7 229	Total	135 112 506	100,00

Category			
101	Banks	17 406 425	12,88
2	BEE TH Infrastructure and yoMoba SPVs	25 104 976	18,58
2	BEE Share Ownership Plans	928 655	0,69
53	Close Corporations	47 187	0,04
67	Endowment Funds	660 506	0,49
5 261	Individuals	5 505 055	4,07
46	Insurance Companies	3 755 786	2,78
46	Investment Companies	1 079 377	0,80
21	Medical Aid Funds	384 113	0,28
223	Mutual Funds	30 987 150	22,93
839	Nominees and Trusts	4 211 451	3,12
32	Other Corporations	347 946	0,26
371	Pension Funds	43 333 625	32,07
148	Private Companies	709 938	0,53
12	Public Companies	178 061	0,13
5	Share Schemes	472 255	0,35
7 229	Total	135 112 506	100,00

Type of shareholder			
Non-public			
3	Directors and associates of the company	446 052	0,33
4	BEE entities	26 033 631	19,27
5	Share Schemes	472 255	0,35
12	Total non-public	26 951 938	19,95
7 217	Public	108 160 568	80,05
7 229	Total	135 112 506	100,00

Beneficial shareholdings over four percent

Public Investment Corporation (GEPI)	22 308 035	16,51
BEE - TH Infrastructure SPV (Pty) Limited	13 947 209	10,32
Allan Gray	12 557 303	9,29
BEE - yoMoba SPV (Pty) Limited	11 157 767	8,26

CORPORATE INFORMATION

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

Company Secretary
M A C Mahlari

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

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

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 February
Final	Declared May
	Paid June

NOTICE OF ANNUAL GENERAL MEETING: TONGAAT HULETT LIMITED

Notice is hereby given that the one hundred and twenty third annual general meeting of shareholders of the Company will be held at the Corporate Office, Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal on Wednesday 29 July 2015 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, 24 July 2015. The last date to trade to be eligible to participate and vote at the annual general meeting is 17 July 2015.

Order of business

1. To receive and consider the annual financial statements of the Company for the year ended 31 March 2015, 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 and Compliance Committee and the auditors, which are presented to the shareholders in the integrated annual report.
2. As required by section 90(1) of the Act, and as recommended by the Audit Committee, to re-appoint Deloitte & Touche (with Wentzel Moodley as individual designated auditor) as external auditors.
3. To re-elect each of CB Sibisi, SG Pretorius and MH Munro 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. The Nomination Committee has assessed each of the retiring directors and the Board unanimously recommends their re-election. Details of each of these retiring directors are set out on pages 52 to 53 of the integrated annual report.
4. To elect TA Salomão as an independent non-executive director, who having been appointed on 25 May 2015, 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 53 of this integrated report.
5. As required by section 94 (2) of the Act, to elect the Audit and Compliance committee comprising of the following independent non-executive directors: J John (Chairman), F Jakoet and RP Kupara. Details of each of these proposed committee members are set out on page 52 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 more than 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. 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, an announcement must be made giving the details required in terms of the JSE Listings Requirements, in respect of such acquisitions;

8. 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;
 - 8.1 authorize the general repurchase;
 - 8.2 resolve that the Company has passed the solvency and liquidity test described in section 4 of the Act; and
 - 8.3 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;
9. 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. major shareholders: page 124;
- b. directors' responsibility statement: page 82;
- c. share capital: page 101.

There have been no material changes to this information since 31 March 2015. 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 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, representing 6 755 625, of the number of shares in issue at 29 July 2015 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 6 755 625 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 directors be and are hereby granted the authority, subject to and as required in terms of the provisions of section 45 of the Companies Act 2008, as amended, to authorise the company to provide direct or indirect financial assistance (as defined in the Companies Act) that the directors may deem fit to any related or inter-related company or corporation of the Company (as defined in the Companies Act), on the terms and conditions and for amounts that the directors may determine."

Reason and Effect:

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

Prior to the commencement of the Companies Act 2008 on 1 May 2011, the directors were entitled in general to authorise the company to provide such financial assistance without the need to obtain shareholder approval. The above special resolution number 2 (approved by shareholders for the first time in 2011) grants the directors the authority (in place for a period of two years from the date of its adoption) now required by the Companies Act to authorise the company to provide financial assistance for purposes of funding group activities. It does not authorise the provision of financial assistance to a director or prescribed officer of the company.

In order for this special resolution number 2 to be adopted, the support of at least 75% (seventy-five per cent) of the voting rights exercised on the resolution is required.

Special Resolution Number 3

"Resolved as a special resolution that the remuneration, as set out in the table below, to be paid to directors for their service as directors of the Company for the ensuing year, as recommended by the Remuneration Committee and the Board, subject to approval by the shareholders at the annual general meeting, be and are hereby approved".

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

Reason and Effect:

Special resolution number 3 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 3 is passed, the Company will be authorised to pay its directors the remuneration specified in the table below.

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 65 to 76 of this integrated annual report."

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

Proposed Directors' Fees from 29 July 2015 to 2016 AGM

Type of fee	Existing Annual Fees		Proposed Annual Fees from July 2015 AGM to 2016 AGM	
	Annual Fixed/Retainer Fee	Attendance Fee Per Meeting	Annual Fixed/Retainer Fee	Attendance Fee Per Meeting
Tongaat Hulett Board:				
Chairman	700 614	93 414	742 651	99 019
Non-Executive Directors	198 377	26 450	210 280	28 037
Audit and Compliance Committee:				
Chairman	194 768	43 282	206 454	45 879
Non-Executive Directors	97 393	21 638	103 237	22 936
Remuneration Committee:				
Chairman	155 396	34 516	164 720	36 587
Non-Executive Directors	77 692	17 258	82 354	18 293
Risk, SHE, Social and Ethics Committee:				
Chairman	155 396	34 516	164 720	36 587
Non-Executive Directors	77 692	17 258	82 354	18 293

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 27 July 2015. 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



MAC Mahlari

Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

21 May 2015

NOTES

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 ofordinary shares in Tongaat Hulett do hereby appoint

or failing him, Mr CB Sibisi or failing him, Mr PH Staude as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at 09h00 on Wednesday 29 July 2015 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:			
CB Sibisi			
SG Pretorius			
MH Munro			
Election of director:			
TA Salomão			
Election of Audit & Compliance Committee until the next AGM:			
J John			
F Jakoet			
RP 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 Number 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 Number 2.			
Special resolution Number 2 giving authority to directors to authorise the company, which acts, inter alia, as treasury manager to its subsidiaries and associates, to provide funding assistance as per section 45 of the Companies Act .			
Special Resolution Number 3 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 2015 Signature

Completed forms of proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Monday, 27 July 2015.

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

- 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
- 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
- ESOP - Employee Share Ownership Plan
- 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
- 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
- LTIs - Lost Time Injuries
- LTIFR - Lost Time Injury Frequency Rate
- Molasses - Molasses is a viscous co-product of the process of refining sugarcane
- MSOP - Management Share Ownership Plan
- Renewable energy - Renewable energy is as energy that comes from natural resources which are organically replenished
- RSE - Raw Sugar Equivalent
- SADC - Southern African Development Community
- 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)



 **Tongaat Hulett**
www.tongaat.com

