



# Tongaat Hulett

## Audited Results

for the fifteen months ended 31 March 2010

| Condensed consolidated | Audited<br>15 months to<br>31 March<br>2010 | Pro forma<br>15 months to<br>31 March<br>2009 | Audited<br>12 months to<br>31 December<br>2008 |
|------------------------|---|---|--|
| Rmillion               |   |   |  |

**INCOME STATEMENT**

|   |                |                |              |
|---|----------------|----------------|--------------|
| Revenue   | 11 136         | 9 453          | 7 106        |
| <b>Profit from operations</b>   | <b>1 691</b>   | <b>1 323</b>   | <b>1 132</b> |
| Capital profit on land  | 52             | 22             | 22           |
| Capital profit on insurance claim   | 13             | 49             | 49           |
| BEE IFRS 2 charge and transaction costs                                       | (35)           | (42)           | (33)         |
| Zimbabwe consolidation take-on gain   | 1 969          | 1 969          |              |
| Valuation adjustments   | (3)            | 3              | 2            |
| <b>Operating profit</b>   | <b>3 687</b>   | <b>3 324</b>   | <b>1 172</b> |
| Share of associate company's profit   | 1              | 1              |              |
| Net financing costs (note 1)  | (452)          | (367)          | (280)        |
| <b>Profit before tax</b>  | <b>3 236</b>   | <b>2 958</b>   | <b>892</b>   |
| Tax (note 2)  | (208)          | (262)          | (212)        |
| <b>Net profit for the period</b>  | <b>3 028</b>   | <b>2 696</b>   | <b>680</b>   |
| <b>Profit attributable to:</b>  |                |                |              |
| Shareholders of Tongaat Hulett  | 2 898          | 2 662          | 649          |
| Minority (non-controlling) interest   | 130            | 34             | 31           |
| <b>Headline earnings attributable to Tongaat Hulett shareholders (note 3)</b> | <b>3 028</b>   | <b>2 696</b>   | <b>680</b>   |
| <b>Earnings per share (cents)</b>   |                |                |              |
| <b>Net profit per share</b>   | <b>2 791,6</b> | <b>2 581,8</b> | <b>629,7</b> |
| Basic   | 2 736,0        | 2 529,0        | 616,8        |
| Diluted   |                |                |              |
| <b>Headline earnings per share</b>  | <b>826,5</b>   | <b>607,1</b>   | <b>565,6</b> |
| Basic   | 810,0          | 594,7          | 554,1        |
| Diluted   |                |                |              |
| <b>Dividend per share (cents)</b>   | <b>275,0</b>   | <b>310,0</b>   | <b>310,0</b> |
| <b>Currency conversion</b>  |                |                |              |
| Rand/US dollar closing  | 7,39           | 9,53           | 9,30         |
| Rand/US dollar average  | 8,23           | 8,60           | 8,27         |
| Rand/Euro average   | 11,40          | 12,33          | 12,17        |
| Rand/Metical average  | 0,29           | 0,35           | 0,34         |

**SEGMENTAL ANALYSIS**

| REVENUE                                     |               |              |              |
|---|---------------|--------------|--------------|
| Starch operations                           | 2 778         | 2 685        | 2 150        |
| Land Conversion and Development             | 274           | 426          | 412          |
| Sugar                                       |               |              |              |
| Zimbabwe operations                         | 1 636         | 311          |              |
| Swaziland operations                        | 134           | 138          | 137          |
| Mozambique operations                       | 463           | 543          | 527          |
| SA agriculture, milling and refining        | 4 285         | 3 561        | 2 424        |
| Downstream value added activities           | 1 566         | 1 789        | 1 456        |
| <b>Consolidated total</b>                   | <b>11 136</b> | <b>9 453</b> | <b>7 106</b> |
| <b>PROFIT FROM OPERATIONS</b>               |               |              |              |
| Starch operations                           | 301           | 290          | 240          |
| Land Conversion and Development             | 187           | 256          | 263          |
| Sugar                                       |               |              |              |
| Zimbabwe operations (2008: dividends)       | 576           | 93           | 35           |
| Swaziland operations                        | 63            | 56           | 44           |
| Mozambique operations                       | 192           | 301          | 250          |
| SA agriculture, milling and refining        | 158           | 95           | 73           |
| Downstream value added activities           | 226           | 230          | 204          |
| Centrally accounted and consolidation items | (12)          | 2            | 23           |
| <b>Consolidated total</b>                   | <b>1 691</b>  | <b>1 323</b> | <b>1 132</b> |

| Condensed consolidated | Audited<br>15 months to<br>31 March<br>2010 | Audited<br>12 months to<br>31 December<br>2008 |
|------------------------|---|--|
| Rmillion               |   |  |

**STATEMENT OF CASH FLOWS**

|  |              |                |
|--|--------------|----------------|
| Operating profit   | 3 687        | 1 172          |
| Profit on disposal of property, plant and equipment            | (87)         | (74)           |
| Depreciation   | 521          | 244            |
| Zimbabwe consolidation take-on gain                            | (1 969)      |                |
| Growing crops and other non-cash items                         | (729)        | (297)          |
| Tax payments   | (257)        | (163)          |
| Change in working capital                                      | 789          | 83             |
| Cash flow from operations                                      | 1 955        | 965            |
| Net financing costs  | (452)        | (280)          |
| <b>Cash flow from operating activities</b>                     | <b>1 503</b> | <b>685</b>     |
| Expenditure on property, plant and equipment:                  |              |                |
| New  | (1 416)      | (1 317)        |
| Replacement  | (280)        | (221)          |
| Major plant overhaul costs                                     | (291)        | (38)           |
| Expenditure on intangible assets                               | (7)          | (2)            |
| Expenditure on growing crops                                   | (76)         | (167)          |
| Proceeds on disposal of property, plant and equipment          | 110          | 96             |
| Investments  | 8            | (55)           |
| Long-term receivable   |              | 7              |
| <b>Net cash flow before dividends and financing activities</b> | <b>(449)</b> | <b>(1 012)</b> |
| Dividends paid   | (283)        | (355)          |
| <b>Net cash flow before financing activities</b>               | <b>(732)</b> | <b>(1 367)</b> |
| Borrowings raised  | 651          | 1 160          |
| Non-recourse equity-settled BEE borrowings                     | (4)          | (20)           |
| Shares issued  | 14           | 7              |
| Settlement of share-based payment awards                       | (21)         | (11)           |
| <b>Net decrease in cash and cash equivalents</b>               | <b>(92)</b>  | <b>(231)</b>   |
| Balance at beginning of period                                 | 229          | 396            |
| Foreign exchange adjustment                                    | (61)         | 55             |
| Exchange rate translation (loss)/gain                          | (5)          | 9              |
| Subsidiaries consolidated                                      | 69           |                |
| <b>Cash and cash equivalents at end of period</b>              | <b>140</b>   | <b>229</b>     |

**CORPORATE INFORMATION**

Tongaat Hulett Limited  
Registration No: 1892/000610/06 JSE share code: TON ISIN: ZAE000096541  
Directorate: J B Magwaza (Chairman), P H Staude (Chief Executive Officer)\*, B G Dunlop\*, F Jakob, J John, RPKupara^, AAMaleiane^, TVMaphai, TMGodusu, MMia, N Mjoli-Mncube, M H Munro\*, T H Nyasulu, C B Sibisi, R H J Stevens.  
\* Executive directors ^Zimbabwean ^Mozambican

Company Secretary: M A C Mahlari

Registered office: Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal  
P O Box 3, Tongaat 4400 Telephone: +27 32 439 4019, Facsimile: +27 32 945 3333

Transfer secretaries: Computershare Investor Services (Pty) Limited  
Telephone: +27 11 370 7700

Sponsor: Investec Bank Limited Telephone: +27 11 286 7000

- **Revenue of R11,136 billion (prior period: R9,453 billion)**
- **Profit from operations of R1,691 billion (prior period: R1,323 billion)**
- **Headline earnings of R858 million (prior period: R626 million)**
- **Recovery of Zimbabwe operations underway**
- **Scrip distribution with cash dividend alternative of 175 cents per share**

**COMMENTARY**

Profit from operations increased by 28% to R1,691 billion for the 15 months ended March 2010, compared to the corresponding 15 month prior period, with headline earnings growing by 37% to R858 million. Tongaat Hulett has increased profit from continuing operations every year since 2003 as the company benefits from its growing operations and the emerging global dynamics of increasing demand for agricultural products, food, renewable energy and land usage.

The financial year-end has changed to the end of March, which corresponds with the sugar season in all the countries in which Tongaat Hulett operates. The current financial results are thus for the 15 months to 31 March 2010 and include the revenue of a single sugar milling season and the increased value of the growing crop. The costs are for a 15 month period, including those costs incurred from January to March in the off-crop period that are required to be expensed in the income statement.

Profit from the starch operations for the 15 months was R301 million, compared to R290 million in the prior period. Starch and glucose sales volumes in the local market declined by 5% over this period, with the rate of decline slowing in the first quarter of 2010. Lower demand was experienced in the alcoholic beverage, paper, coffee creamer and confectionery sectors, with the contraction in consumer spending. The negative effect of the lower demand was offset by improved starch and glucose margins. A second consecutive year of favourable agricultural conditions in South Africa yielded a large maize crop in 2009 of 12,9 million tons (previous crop: 12,7 million tons) and resulted in local maize prices trading closer to world prices for most of the year. Co-product revenues decreased as a result of lower prices for edible oils and animal feeds.

Land and property development activity is currently focused on the growth corridor north of Durban that commences inland of Umhlanga/Umdloti, extends around the new King Shaka International Airport and includes the greater Tongaat area. In the present economic conditions, with the sale of development land across most sectors being depressed, few hectares are being converted to development in the higher value, prime locations on the coastline and to the west of eThekewini. Good progress is being made, working with all spheres of Government, on processes leading to the conversion of agricultural land to optimal land usage and accelerated socio economic development, including tourism in KwaZulu-Natal. Tongaat Hulett owns 13 863 gross hectares for development in South Africa. Operating profit from land conversion and development for the 15 months to March 2010 amounted to R187 million (prior period: R256 million) with a further R52 million in capital profits (prior period: R22 million) being realised. During this period, 169 developable hectares (280 gross hectares) were sold comprising 159 hectares in the eThekewini growth corridor, including new airport related activities, and 10 hectares in the prime coastal corridor.

The South African sugar milling, refining and agriculture operations contributed R158 million to profit for the 15 months ended March 2010 (prior period: R95 million), with higher local and export sales realisations. Sugar production decreased to 564 000 tons compared to the 644 000 tons produced in the previous season. Almost all of Tongaat Hulett's sugar production was sold in the local market under the Hulett's brand in 2009/10. In terms of the South African sugar industry legislated regulations, only 65% of the sales were deemed to be local and 35% were recognised and valued as exports. Raw sugar export volumes from South Africa were sold at an effective world sugar price of 15,4 US c/lb (prior year: 12,1 US c/lb) at an average exchange rate of R8,20/US\$ (prior year: R8,05/US\$). The downstream sugar value added activities contributed R226 million to profit (prior period: R230 million). This includes Voermol animal feeds, South African refined exports, regional marketing, sales, packing and distribution activities. In Swaziland, Tambankulu Estates produced a raw sugar equivalent of 54 000 tons (previous season: 56 000 tons). Operating profit for the 15 months, including the value of the cane growth in the period of January to March 2010, was R63 million, compared to R56 million in the prior period.

Sugar production in Mozambique increased to 134 000 tons from 108 000 tons in the previous season. The start-up problems that limited sugar production in 2009/10 at the expanded and modernised Xinavane mill have now been resolved, including replacing the diffuser chain and modifying conveyor systems. This resulted in a large portion of the crop on the substantially expanded cane growing estates being carried over, for harvesting at the start of the 2010/11 season. Production of sugar at Xinavane was 89 000 tons (previous season: 63 000 tons). Mafambisse's sugar production of 45 000 tons (previous season: 45 000 tons) was adversely affected by a number of factors, including the harvesting of young cane in the newly established cane areas and overcoming irrigation bottlenecks. The Mozambique operation's raw sugar export volumes to the European Union totalled 49 000 tons (prior: 39 000 tons) and sales to the domestic market increased to 85 000 tons (prior: 69 000 tons). The currency gains of R122 million realised in 2008, when financial structures were finalised, were not repeated in 2009/10. The Mozambique profit from operations amounted to R192 million (prior period: R301 million).

The profit from sugar operations in Zimbabwe was R576 million in the 15 months to March 2010, as relevant economic fundamentals were reintroduced into the local economy and the business. Sales to the domestic market of 188 000 tons were undertaken in US dollars at levels in line with regional pricing and 146 000 tons were exported to the European Union. Sugar production in Zimbabwe amounted to 259 000 tons (previous season: 298 000 tons). The situation that prevailed in Zimbabwe in 2008 had a negative impact on the 2009 harvest and sugar production levels.

The recovery of the Zimbabwe sugar operations commenced in 2009, coinciding with the US dollarisation of the Zimbabwe economy and the return to more normal economic fundamentals relevant to the sugar business, including the restoration of domestic sales prices to regional levels. As reported in the interim results, the Zimbabwe operations are consolidated in Tongaat Hulett's financial results from the beginning of 2009. The accounting treatment, in terms of International Financial Reporting Standards, on the commencement of consolidation of these operations gave rise to a balance sheet take-on gain of R1,969 billion, which is recognised in the income statement. This gain is excluded from the profit from operations and excluded from headline earnings.

The centrally accounted and consolidation items include a R82 million gain (prior period: R86 million) on the recognition of an unconditional entitlement in 2009 to an employer surplus account allocation in the Tongaat Hulett pension fund. The tax charge in the income statement includes the benefit of a release from the deferred tax provision following the reduction of the Zimbabwe tax rate from 30% to 25% at the end of 2009 and the advantage of an attractive Mozambique tax rate for agricultural operations.

Finance costs for the 15 months to March 2010 increased to R452 million from R367 million in the equivalent prior period, commensurate with the borrowings in the business.

Cash inflow from operations was R1,955 billion for the 15 months to March 2010. Tongaat Hulett's net debt at the end of March 2010 was R3,040 billion (compared to R3,370 billion at December 2009 and R2,356 billion at December 2008) with significant capital expenditure, mainly on the Mozambique expansion, cash absorption in the establishment of the expanded cane crops and replanting of sugar cane in Zimbabwe.

The Board has declared a final distribution, as a scrip distribution with a cash dividend alternative of 175 cents per share, bringing the total distribution for the full period to 275 cents per share. There is a separate detailed announcement on the scrip distribution and the related circular will be posted to shareholders.

**Outlook**

Tongaat Hulett's land and