



Tongaat Hulett

Audited Results

for the fifteen months ended 31 March 2010

Condensed consolidated	Audited 15 months to 31 March 2010	Pro forma 15 months to 31 March 2009	Audited 12 months to 31 December 2008
Rmillion			
INCOME STATEMENT			
Revenue	11 136	9 453	7 106
Profit from operations	1 691	1 323	1 132
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
Operating profit	3 687	3 324	1 172
Share of associate company's profit	1	1	
Net financing costs (note 1)	(452)	(367)	(280)
Profit before tax	3 236	2 958	892
Tax (note 2)	(208)	(262)	(212)
Net profit for the period	3 028	2 696	680
Profit attributable to:			
Shareholders of Tongaat Hulett	2 898	2 662	649
Minority (non-controlling) interest	130	34	31
	3 028	2 696	680
Headline earnings attributable to Tongaat Hulett shareholders (note 3)	858	626	583
Earnings per share (cents)			
Net profit per share			
Basic	2 791,6	2 581,8	629,7
Diluted	2 736,0	2 529,0	616,8
Headline earnings per share			
Basic	826,5	607,1	565,6
Diluted	810,0	594,7	554,1
Dividend per share (cents)	275,0	310,0	310,0
Currency conversion			
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/Metcal 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	137
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
Consolidated total	11 136	9 453	7 106
PROFIT FROM OPERATIONS			
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
Consolidated total	1 691	1 323	1 132

Condensed consolidated	Audited 15 months to 31 March 2010	Audited 12 months to 31 December 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)	(297)
Growing crops and other non-cash items	(729)	(163)
Tax payments	(257)	(163)
Change in working capital	789	83
Cash flow from operations	1 955	965
Net financing costs	(452)	(280)
Cash flow from operating activities	1 503	685
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
Net cash flow before dividends and financing activities	(449)	(1 012)
Dividends paid	(283)	(355)
Net cash flow before financing activities	(732)	(1 367)
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)
Net decrease in cash and cash equivalents	(92)	(231)
Balance at beginning of period	229	396
Foreign exchange adjustment	(61)	55
Exchange rate translation (loss)/gain	(5)	9
Subsidiaries consolidated	69	
Cash and cash equivalents at end of period	140	229

CORPORATE INFORMATION

Tongaat Hulett Limited
 Registration No: 1892/000610/06 JSE share code: TON ISIN: ZAE000096541

Directorate: J B Magwaza (Chairman), P H Staudé (Chief Executive Officer)*, B G Dunlop*, F Jakoet, J John, R P Kupara*, A A Maleiane*, T V Maphai, T N Mgoduso, M Mma, N Mjoli-Mincube, 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 eThekweni. 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 eThekweni 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 totaled 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 property development activity is currently focused on opportunities in the growth corridor north of Durban, including those related to the new international air platform.

The South African maize harvest in 2010 is projected to be above 13 million tons, the largest crop in 29 years, which should maintain local maize prices close to world prices and contribute to the competitiveness of the starch operation.

The world sugar price, after rising substantially, has recently declined sharply to a level similar to the average earned on exports from South Africa in 2009/10. These exports currently constitute some 20% of Tongaat Hulett's total sugar sales and this percentage will reduce as the Zimbabwe and Mozambique production increases. Movements in the Rand, US dollar and Euro exchange rates have a direct impact on export proceeds and the conversion of earnings into Rands by the operations outside South Africa.

The business is driving to increase sugar production from the 957 000 tons milled in the 2009/10 season to the installed sugar milling capacity of 1,9 million tons per annum, with a simultaneous reduction in the unit cost of production. Sugar production in the 2010/11 season is expected to be 20% to 25% above the previous season. Plans are in place to increase sugar production over the next two seasons in Mozambique from the 134 000 tons in 2009/10 to the newly installed milling capacity of 300 000 tons per annum, with the cane supply already well established. A recovery programme is currently underway in Zimbabwe, focused on the two sugar factories, improving cane yields and re-establishing outgrower cane lands, so as to restore sugar production to the existing installed capacity of 600 000 tons per annum. In South Africa, the rainfall in the cane growing months has been below average for the 2010/11 season, which will affect the sugar operations. The focus in South Africa is on working with commercial and small scale growers on increasing hectares under cane, areas to be replanted and farming practices to improve yields, leading to higher milling capacity utilisation.

Tongaat Hulett remains well positioned to benefit from the medium to longer term global fundamentals of increasing demand for agricultural products, food, renewable energy and land usage.

For and on behalf of the Board

J B Magwaza Chairman
 Amanzimnyama
 Tongaat, KwaZulu-Natal
 26 May 2010

Peter Staudé Chief Executive Officer

Condensed consolidated	Audited 15 months to 31 March 2010	Audited 12 months to 31 December 2008
Rmillion		

STATEMENT OF FINANCIAL POSITION

ASSETS		
Non-current assets		
Property, plant and equipment	7 710	4 659
Growing crops	2 041	742
Long-term receivable		196
Goodwill	240	99
Intangible assets	9	6
Investments	10	268
	10 010	5 970
Current assets		
Inventories	3 358	3 587
Trade and other receivables	1 373	1 709
Major plant overhaul costs	1 580	1 647
Derivative instruments	9	2
Cash and cash equivalents	140	229
	3 358	3 587
TOTAL ASSETS	13 368	9 557
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	139	138
Share premium	1 519	1 506
BEE held consolidation shares	(935)	(1 023)
Retained income	4 691	2 087
Other reserves	(841)	351
	4 573	3 059
Shareholders' interest		
Minority interest in subsidiaries	870	276
	5 443	3 335
Equity		
Non-current liabilities	3 709	2 865
Deferred tax	1 272	582
Long-term borrowings	1 104	1 212
Non-recourse equity-settled BEE borrowings	787	792
Provisions	546	279
	4 216	3 357
Current liabilities		
Trade and other payables (note 4)	2 131	1 849
Short-term borrowings	2 076	1 373
Derivative instruments	3	23
Tax	6	112
	13 368	9 557
TOTAL EQUITY AND LIABILITIES		
Number of shares (000)		
– in issue	103 677	103 247
– weighted average (basic)	103 811	103 070
– weighted average (diluted)	105 922	105 225

STATEMENT OF CHANGES IN EQUITY

Balance at beginning of period	3 059	2 735
Total comprehensive income for the period	1 689	633
Retained earnings	2 898	649
Movement in hedge reserve	17	(15)
Foreign currency translation	(1 226)	(1)
Dividends paid	(264)	(336)
Allocation of BEE amount	29	(22)
Share capital issued – ordinary	14	7
BEE held consolidation shares	29	30
Share-based payment charge	39	27
Settlement of share-based payment awards	(22)	(15)
	4 573	3 059
Shareholders' interest		
Minority interest in subsidiaries	870	276
Balance at beginning of period	276	223
Total comprehensive income for the period	(106)	58
Retained earnings	130	31
Foreign currency translation	(236)	27
Dividends paid to minorities	(19)	(19)
Allocation of BEE amount	(29)	22
Change of interest in subsidiary	(7)	(8)
Consolidation of subsidiaries	755	
	5 443	3 335

STATEMENT OF OTHER COMPREHENSIVE INCOME

Profit for the period	3 028	680
Other comprehensive income		
Foreign currency translation	(1 462)	26
Hedge reserve	23	(21)
Tax on movement in hedge reserve	(6)	6
	1 583	691
Total comprehensive income for the period	1 583	691
Total comprehensive income attributable to:		
Shareholders of Tongaat Hulett	1 689	633
Minority (non-controlling) interest	(106)	58
	1 583	691

NOTES

- Net financing costs**

Interest paid	(577)	(428)
Interest capitalised	88	103
Interest received	37	45
	(452)	(280)
- Tax**

Normal	(308)	(256)
Deferred	(15)	66
Rate change adjustment (deferred)	154	22
Secondary tax on companies	(39)	(44)
	(208)	(212)
- Headline earnings**

Profit attributable to shareholders	2 898	649
Zimbabwe consolidation take-on gain	(1 969)	
Less after tax effect of:		
Capital profit on disposal of land	(52)	(22)
Capital profit on insurance claim	(11)	(46)
Fixed assets and other disposals	(8)	2
	858	583
- Trade and other payables**
 Included in trade and other payables is the maize obligation (interest bearing) of R381 million (31 December 2008: R373 million).
- Capital expenditure commitments**

Contracted	234	587
Approved	118	114
	352	701
- Operating lease commitments**

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