



The Tongaat-Hulett Group Limited

Registration No. 1892/000610/06 Share code TNT Issuer code THGL ISIN ZAE00007449

INTERIM RESULTS for the half-year ended 30 June 2006

Rmillion	Note	Unaudited Half-year 30 June 2006	Unaudited Half-year 30 June 2005	Audited Year ended 31 December 2005
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INCOME STATEMENT

Revenue		3 472	3 091	6 926
Operating profit	1	470	319	730
Share of associate company's profit/(loss)		0	(13)	(25)
Net financing costs	2	(19)	(35)	(60)
Profit before tax		451	271	645
Tax	3	(131)	(55)	(162)
Net profit		320	216	483
Attributable to:				
Shareholders		317	216	472
Minority interest		3	0	11
		320	216	483
Headline earnings attributable to shareholders	4	297	208	466
Earnings per share (cents)				
Net profit per share				
Basic		302,1	210,4	458,2
Diluted		294,0	205,9	447,2
Headline earnings per share				
Basic		283,1	202,6	452,4
Diluted		275,5	198,3	441,5
Dividend per share (cents)		200,0	120,0	400,0
Currency conversion				
Rand/US dollar average		6,31	6,21	6,37
Rand/US dollar closing		7,15	6,68	6,35
Rand/GB pound closing		13,21	11,98	10,92

SEGMENTAL ANALYSIS

REVENUE	2006	2005	2005
African Products	614	616	1 293
Hulett Aluminium (50%)	1 203	1 005	2 081
Moreland	285	186	459
Tonga-Hulett Sugar	1 370	1 284	3 093
Group total	3 472	3 091	6 926
OPERATING PROFIT			
African Products	43	31	112
Hulett Aluminium (50%)	95	90	159
Moreland	117	77	231
Tonga-Hulett Sugar	159	81	232
Triangle dividend	8	0	19
Corporate	(20)	(11)	(44)
Exchange rate translation gain	46	39	14
Exceptional items	22	12	7
Group total	470	319	730

CASH FLOW STATEMENT

Operating profit	470	319	730
Net financing costs	(19)	(35)	(60)
Non-cash items:			
Depreciation	131	135	265
Other non-cash items	(127)	(80)	0
Tax payments	(97)	(17)	(38)
Change in working capital	(28)	(31)	(109)
Cash flow from operating activities	330	291	788
Expenditure on property, plant and equipment:			
New	(98)	(58)	(169)
Replacement	(74)	(27)	(101)
Major plant overhaul costs capitalised	(39)	(34)	(35)
Expenditure on intangible assets	(1)	(2)	(4)
Growing crops disposals	1	0	5
Proceeds on disposal of property, plant and equipment	22	23	42
Investments	(5)	(59)	(72)
Net cash flow before dividends and financing activities	136	134	454
Dividends paid	(294)	(123)	(247)
Net cash flow before financing activities	(158)	11	207
Borrowings raised/(repaid)	144	(158)	(558)
Hedges of foreign loans	(5)	(9)	(2)
Shares issued	83	31	62
Net increase/(decrease) in cash resources	64	(125)	(291)
Cash resources at beginning of period	526	803	803
Exchange rate translation gain	46	39	14
Cash resources at end of period	636	717	526

CORPORATE INFORMATION

Non-executive directors: D D Barber, P M Baum, I Botha, L Boyde, E le R Bradley, B E Davison, M W King, J B Magwaza, M Mia, T H Nyasulu, C M L Savage (Chairman), R H J Stevens, A M Thompson
 Executive directors: B G Dunlop, A Fourie, G R Hibbert, G P N Kruger, M H Munro, S J Saunders, M Serfontein, P H Staude (Chief Executive Officer)
 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 (2004) (Pty) Limited
 Telephone: +27 11 370 7700
 Sponsor: Investec Bank Limited
 Telephone: +27 11 286 7000

- Revenue of R3,5 billion (2005: R3,1 billion)
- Operating profit of R470 million (2005: R319 million)
- Headline earnings of R297 million (2005: R208 million)
- Interim dividend of 200 cents per share (2005: 120 cents per share)

COMMENTARY

Operating profit in the first half of 2006 grew by 47% to R470 million, compared to R319 million for the same period last year. Headline earnings increased by 43% to R297 million (2005: R208 million), after taking into account higher tax and lower interest costs. The half-year results include an average exchange rate of R6,31/US dollar (2005: R6,21/US dollar). Actions to increase profitability continue throughout the Group. In addition, the results are starting to reflect the benefits of changing global sugar fundamentals.

Tonga-Hulett Sugar's operating profit increased by 106% to R167 million (2005: R81 million), including dividends from Triangle Sugar in Zimbabwe. An increase in domestic and export market realisations more than offset slightly lower sales volumes. In South Africa, domestic sales volumes were 209 311 tons (2005: 215 430 tons) and raw sugar export volumes were 162 301 tons (2005: 172 680 tons) as a result of lower export stocks carried forward from the previous year. The results for the first six months of 2006 include exports at an average world sugar price of 11 US cents per pound (2005: 8 US cents per pound) while the current price of some 15 US cents per pound will impact the second half of 2006. Improved contributions were achieved from the Swaziland and Mozambique operations. Dividends of R8 million, compared to nil in the first half of 2005, were received from Triangle Sugar in Zimbabwe, which continues to operate profitably.

Total sugar production by Tongaat-Hulett for the 2006 year is expected to grow by 6% to 1,228 million tons. Sugar production from South African operations is estimated to increase by 4% to 780 000 tons (2005: 753 000 tons) while that of Mozambique is expected to rise by 9% to 125 000 tons (2005: 115 000 tons). In Swaziland, Tambankulu is expected to produce the raw sugar equivalent of 53 000 tons (2005: 56 000 tons). Triangle is expected to produce 270 000 tons of sugar (2005: 236 000 tons). New cane expansion and procurement initiatives continue across all the regions.

African Products improved operating profit by 39% to R43 million (2005: R31 million). Margins are being affected by pressure on starch and glucose selling prices and by maize costs increasing towards import parity levels. Domestic sales volumes were 5% above 2005 first half volumes and included growth rates in excess of 30% being achieved on the value added spray dried glucose and adhesive products. Co-product prices improved during the period. Overhead and other manufacturing cost increases, excluding maize, have been kept below inflation as a result of the benefits derived from the organisational restructuring process and other efficiency initiatives.

Moreland's operating profit of R117 million (2005: R77 million) was 52% higher than the same period last year, arising mainly from significantly increased contributions from the commercial and the resorts portfolios. This included transactions relating to the Umhlanga Triangle site for the 5-star Marriott hotel, a large private tertiary education site at the Umhlanga Ridge New Town Centre and a 255 hectare site on the south bank of the Tongaat river to extend the Zimbali development. The industrial and residential portfolios were constrained by low stock levels. The strength in the KwaZulu-Natal north coast property market continues.

Hulett Aluminium's operating profit increased by 6% to R190 million (2005: R180 million), with the Group's share being 50% thereof. Rolled products sales volumes in May and June exceeded 190 000 tons annualised, after the raw material constraints of the first quarter were overcome. Sales volumes of rolled products for the first half of the year increased by 4% to 180 000 tons annualised. The substantial increase in the LME price of aluminium resulted in a reduction in rolling industry margins while there was a benefit from the metal price lag effect on cost of sales. The business continues to grow its high value products, with exports of can-end stock and clad product sales increasing by 18% and 31% respectively. High margin heat-treated plate sales were

affected by the plate plant expansion project and reduced by 14% for the half-year. The plate expansion, which will increase heat-treated plate capacity by 50%, has been completed ahead of schedule, with production commencing in July and orders already booked to utilise the new capacity. The extrusion operation increased its contribution to the business. Local market sales of rolled products and extrusions grew by 10% and 15% respectively, driven by increased local consumption and customers' exports.

The Rand weakened against major foreign currencies towards the end of the half-year. There was a valuation gain of R46 million (2005: R39 million gain) in respect of foreign cash. Net financing costs reflect the benefit of lower interest rates and reduced maize finance costs. The tax charge was higher in the first half of 2006 compared to the same period in 2005 and was, inter alia, affected by higher STC costs on the increased dividend payments.

The Board has declared an interim dividend for the half-year of 200 cents per share (2005: 120 cents per share).

OUTLOOK

In February 2006, the Board communicated the decision to embark on the unbundling of the Group's 50% interest in Hulett Aluminium to Tongaat-Hulett shareholders, the listing of Hulett Aluminium and the introduction of Black Economic Empowerment (BEE) equity participation in both Tongaat-Hulett and Hulett Aluminium. Progress is being made on the multiple aspects of these initiatives, including the BEE equity partner selection process and the various elements of the transaction structuring. Significant preparatory work, including the relevant approvals and regulatory compliance, will be required to implement the aforementioned initiatives. Further announcements with progress in this regard will be made in due course.

Considerable earnings growth is expected for the full 2006 year. Second half profits are expected to benefit from ongoing earnings enhancing actions, higher 2006 sugar production and an improved world sugar price. Continued growth is expected in aluminium rolled product volumes, progressing towards full utilisation of the 210 000 tons current installed capacity, together with sales mix optimisation and conversion cost containment.

For and on behalf of the Board

C M L Savage **P H Staude**
Chairman Chief Executive Officer

Amanzimnyama, Tongaat, KwaZulu-Natal
28 July 2006

DIVIDEND DECLARATION

Notice is hereby given that the Board has declared an interim dividend (number 158) of 200 cents per share for the half-year ending 30 June 2006 to shareholders recorded in the register at the close of business on Friday 25 August 2006.

The salient dates of the declaration and payment of this interim dividend are as follows:
 Last date to trade ordinary shares
 "CUM" dividend Friday 18 August 2006
 Ordinary shares trade "EX" dividend Monday 21 August 2006
 Record date Friday 25 August 2006
 Payment date Thursday 31 August 2006

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 21 August 2006 and Friday 25 August 2006, 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 Friday 18 August 2006.

For and on behalf of the Board

M M L Mokoka
Group Secretary

Amanzimnyama, Tongaat, KwaZulu-Natal
28 July 2006

Rmillion	Unaudited Half-year 30 June 2006	Unaudited Half-year 30 June 2005	Audited Year ended 31 December 2005
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BALANCE SHEET

Assets			
Non-current assets			
Property, plant and equipment	4 185	4 062	4 093
Growing crops	263	223	182
Long-term receivable	203	210	203
Goodwill	22	21	21
Intangible assets	13	10	12
Investments	70	61	57
	4 756	4 587	4 568
Current assets	3 726	3 369	3 360
Inventories	1 279	1 230	1 456
Trade and other receivables	1 767	1 414	1 337
Derivative instruments	44	8	41
Cash and cash equivalents	636	717	526
Total assets	8 482	7 956	7 928
Equity and liabilities			
Capital and reserves			
Share capital	106	103	104
Share premium	902	789	821
Retained income	3 674	3 520	3 651
Other reserves	31	18	37
Shareholders' interest	4 713	4 430	4 613
Minority interest in subsidiaries	80	65	75
Equity	4 793	4 495	4 688
Non-current liabilities	1 375	1 385	1 357
Deferred tax	980	862	936
Long-term borrowings	106	244	138
Provisions	289	279	283
Current liabilities	2 314	2 076	1 883
Trade and other payables (note 8)	1 326	1 030	1 119
Short-term borrowings	895	988	702
Derivative instruments	71	28	18
Tax	22	30	44
Total equity and liabilities	8 482	7 956	7 928
Number of shares (000)			
- in issue	105 698	102 920	103 896
- weighted average (basic)	104 925	102 674	103 018
- weighted average (diluted)	107 818	104 889	105 552
Debt to equity	20,9%	27,4%	17,9%
Net debt to equity	7,6%	11,5%	6,7%

STATEMENT OF CHANGES IN EQUITY

Balance at beginning of period	4 613	4 347	4 347
Accounting for fair value hedges as required by IAS 39 (Revised)	0	(5)	(5)
Restated opening balance	4 613	4 342	4 342
Net profit attributable to shareholders	317	216	472
Dividends paid	(294)	(123)	(247)
Share capital issued	83	31	62
Share-based payment reserve	10	8	17
Hedge reserve released to income statement	(9)	(4)	(4)
(Losses)/gains from cash flow hedges	(21)	(14)	9
Share of associate's movement in currency translation reserve	(1)	(7)	(7)
Foreign currency translation	15	(19)	(31)
Shareholders' interest	4 713	4 430	4 613
Minority interest in subsidiaries	80	65	75
Balance at beginning of period	75	71	71
Share of profit	3	0	11
Foreign currency translation	2	(6)	(7)
Equity	4 793	4 495	4 688

NOTES

- Operating profit**
Operating profit includes results of operations, Triangle dividends, restructure costs, valuation adjustments and exceptional items.
- Net financing costs**

Interest paid	(56)	(72)	(131)
Financial instrument income	19	16	33
Interest received	18	21	38
	(19)	(35)	(60)
- Tax**

Normal	(38)	(29)	(51)
Deferred	(56)	(43)	(113)
Rate change adjustment (deferred)	0	28	28
Secondary tax on companies	(37)	(11)	(26)
	(131)	(55)	(162)
- Headline earnings**

Profit attributable to shareholders	317	216	472
Less after tax effect of surplus on sale of fixed assets	(20)	(8)	(6)
	297	208	466
- Capital expenditure commitments**

Contracted	115	64	112
Approved but not contracted	199	150	187
	314	214	299
- Operating lease commitments**

	34	31	39
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- Guarantees and contingent liabilities**

	51	48	44
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- Trade and other payables**
Included in trade and other payables is the maize obligation (interest bearing) of R75 million (30 June 2005: R99 million and 31 December 2005: R110 million).
- Basis of preparation**
The unaudited results of the Group for the half-year ended 30 June 2006 have been prepared in accordance with the Group's accounting policies which fully comply with International Financial Reporting Standards, including IAS 34 Interim Financial Reporting. The Group continues to account for its Zimbabwean operations, including Triangle Sugar, on a dividend received basis.