Tongaat Hulett

Audited Results and Final Dividend Declaration

for the year ended 31 December 2008

- **Revenue of R7,1 billion (2007: R6,4 billion)**
- **Profit from operations of R1,132 billion (2007: R838 million)**
- **Headline earnings of R583 million (2007: R61 million)**
- **Annual dividend of 310 cents per share (2007: 310 cents per share)**

INCOME STATEMENT

Condensed consolidated Rmillion	Note	2008	2007
Revenue - continuing operations		**7 106**	6 395
Profit from Tongaat Hulett operations		**1 132**	838
Capital profit on land		**22**	48
Capital profit on insurance claim		**49**	
BEE IFRS 2 charge and transaction costs		**(33)**	(383)
Valuation adjustments	1	**2**	(1)
Fair value adjustment of investment in Hulamin			3 348
Operating profit after corporate transactions		**1 172**	3 850
Net financing costs	2	**(280)**	(119)
Profit before tax		**892**	3 731
Tax	3	**(212)**	(288)
Net profit after tax		**680**	3 443
Discontinued operation			
Hulamin unbundling			42
Net profit for the year		**680**	3 485
Attributable to:			
Shareholders		**649**	3 457
Minority interest		**31**	28
		680	3 485
Headline earnings attributable to shareholders		**583**	61
Earnings per share (cents)			
Net profit per share			
Basic		**629,7**	3 292,8
Diluted		**616,8**	3 220,7
Headline earnings per share			
Basic		**565,6**	58,1
Diluted		**554,1**	56,8
Annual dividend per share (cents)		**310,0**	310,0
Interim paid		**160,0**	150,0
Final declared		**150,0**	160,0
Currency conversion			
Rand/US dollar average		**8,27**	7,05
Rand/US dollar closing		**9,30**	6,84
Rand/GB pound closing		**13,45**	13,61

HEADLINE EARNINGS

	2008	2007
Profit attributable to shareholders	**649**	3 457
Less after tax effect of:		
Profit on disposal of land	**(22)**	(48)
Profit on insurance claim	**(46)**	
Loss on disposal of other fixed assets	**2**	
Reversal of fair value adjustment of Hulamin		(3 348)
Headline earnings	**583**	61

CASH FLOW STATEMENT

	2008	2007
Operating profit	**1 172**	3 850
Profit on disposal of property, plant and equipment	**(74)**	(48)
Adjustments for:		
Depreciation	**244**	222
Corporate transactions		(3 011)
Other non-cash flow items	**(297)**	(43)
Tax payments	**(163)**	(293)
Change in working capital	**83**	(175)
Cash flow from operations	**965**	502
Net financing costs	**(280)**	(119)
Cash flow from operating activities	**685**	383
Expenditure on property, plant and equipment:		
New	**(1 317)**	(516)
Replacement	**(221)**	(193)
Major plant overhaul costs capitalised	**(38)**	(46)
Expenditure on intangible assets	**(2)**	(4)
Expenditure on growing crops	**(167)**	(14)
Proceeds on disposal of property, plant and equipment	**96**	58
Investments	**(55)**	(2)
Long-term receivable	**7**	
Net cash flow before dividends and financing activities	**(1 012)**	(334)
Dividends paid	**(355)**	(551)
Net cash flow before financing activities	**(1 367)**	(885)
Borrowings raised	**1 160**	712
Non-recourse equity-settled BEE borrowings	**(20)**	812
Shares issued	**7**	49
Equity contribution by BEE minorities		18
Share repurchase		(450)
Settlement of share-based payment awards	**(11)**	(73)
Share issue expenses		(9)
Net (decrease)/increase in cash and cash equivalents	**(231)**	174
Balance at beginning of year	**396**	509
Foreign exchange adjustment	**55**	15
Exchange rate translation gain/(loss)	**9**	(1)
Subsidiaries consolidated		46
Hulamin unbundling		(347)
Cash and cash equivalents at end of year	**229**	396

DIVIDEND DECLARATION

Notice is hereby given that the Board has declared a final dividend (number 163) of 150 cents per share for the year ended 31 December 2008 to shareholders recorded in the register at the close of business on Friday 20 March 2009.

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

Last date to trade ordinary shares "CUM" dividend	Friday	13 March 2009
Ordinary shares trade "EX" dividend	Monday	16 March 2009
Record date	Friday	20 March 2009
Payment date	Thursday	26 March 2009

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 16 March 2009 and Friday 20 March 2009, 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 13 March 2009.

For and on behalf of the Board

D McIlrath
Company Secretary

Amanzimnyama, Tongaat, KwaZulu-Natal

19 February 2009

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COMMENTARY

Revenue increased by 11% to R7,1 billion in 2008 and profit from operations grew by 35% to R1,132 billion. Headline earnings improved to R583 million (2007: R61 million which were affected by corporate structuring transactions).

Profit from the starch and glucose operations grew to R240 million (2007: R105 million), as margins recovered in improved market conditions. The South African maize crop increased to 12 million tons (2007: 7 million tons), with the larger area planted and good weather conditions, resulting in local maize prices trading close to world prices from April 2008. Prices in the international starch and glucose markets improved as demand for agricultural commodities increased with changing dietary habits. Sales volumes in the domestic market grew by 1% through the successful recovery of volumes in the coffee creamer sector previously supplied by imported product and good growth in the confectionary sector. This was offset by declines in the alcoholic beverage sector due to the increased competition from imported product and declines in the papermaking sector.

Profit from the various sugar operations grew to R606 million (2007: R360 million), with the Zimbabwean operations being accounted for on a dividend received basis.

In Swaziland, Tambankulu Estates produced a raw sugar equivalent of 56 000 tons (2007: 58 000 tons) and has benefited from higher realisations within the Swaziland sugar industry. Operating profit increased by 26% to R44 million.

Dividends of R35 million (2007: R53 million) were received from Triangle Sugar in Zimbabwe. In the 2008 season, under extremely difficult circumstances, sugar production was 298 000 tons compared to the 349 000 tons produced in 2007. The business has had to contend, inter alia, with the extreme effects of hyperinflation, exchange rate movements, foreign currency shortages and price controls.

In the Mozambique expansion projects, 8 150 hectares have been planted-up to date and the cane is growing well. The Xinavane mill expansion is far advanced, with project activities taking place simultaneously with the ongoing sugar production processes. Sugar production at Xinavane was 63 000 tons (2007: 67 000 tons). In addition 64 000 tons of cane representing approximately 8 000 tons of sugar was used as seed cane in the plant-up process. Mafambisse's sugar production was 45 000 tons (2007: 41 000). At Mafambisse, following the completion of the agriculture expansion plant-up, Tongaat Hulett's shareholding increased from 75% to 85%. At both Mafambisse and Xinavane, as the plant-up areas of the agriculture expansion reached completion, shareholder loans have been converted to equity and the benefit of currency gains realised. The Mozambique operations' contribution to profit increased to R250 million (2007: R88 million).

The South African agriculture, sugar milling and refining operations contributed R73 million to profit (2007: R46 million). In 2008, 644 000 tons of sugar were produced (2007: 604 000 tons). The low 2007 and 2008 crops resulted in lower raw sugar exports and continued upward pressure on costs per ton. Export volumes from South Africa were 210 000 tons (2007: 245 000 tons) and were sold at an effective world sugar price of 12,1 US c/lb (2007: 11,8 US c/lb) at an average exchange rate of R8,05/US$ (2007: R7,12/US$). South African domestic sales increased to 466 000 tons (2007: 460 000 tons).

The downstream sugar value added activities contributed R204 million to profit (2007: R138 million). The South African refined exports, domestic marketing, sales and distribution activities delivered another good performance, as did the Botswana and Namibian sugar packing and distribution operations. Voermol, the downstream animal feeds operation increased profits, with improved margins.

Operating profit from agricultural land conversion and developments amounted to R263 million (2007: R428 million) with a further R22 million in capital profits (2007: R48 million) being realised. Market conditions for property development in the prime residential, resorts and commercial sectors were depressed during the year, while the demand for land for affordable housing and industrial property in the Durban area remained positive. The shortage of established industrial logistics, support and service locations continues to delay development north of Durban. During the year 181 developable hectares (368 gross hectares) were sold, comprising 21 hectares in prime locations, mainly Umhlanga Ridgeside and Umhlanga Ridge Town Centre, and 160 hectares for affordable housing in the Cornubia area. Approval for the 260 hectare Zimbali Lakes development was secured late in 2008.

The centrally accounted and consolidation items include an R86 million gain on the recognition of an unconditional entitlement, in 2008, to an employer surplus account in respect of the 2001 surplus apportionment in the Tongaat Hulett pension fund.

Cash inflow from operations increased to R965 million for 2008 (2007: R502 million). Tongaat Hulett's net debt has increased to R2,356 billion from R991 million at the end of 2007 with significant capital expenditure, mainly on the Mozambique expansion and investment in sugar cane growing crops. Finance costs increased to R280 million, with the higher interest rates and the increased borrowings in the business.

The 2007 financial results included the main effects of the completed corporate structuring transactions – the listing and unbundling of Hulamin, a share buy-back and the 25% BEE equity participation transactions. The 2008 results include the ongoing amortisation of the employee BEE equity transactions' IFRS2 charge to the income statement and the consolidation of the BEE special purpose vehicles, as required by International Financial Reporting Standards (IFRS). The balance sheet reflects the consolidation of the debt in the BEE equity participation entities, which is independent of the Tongaat Hulett net debt and is to be effectively equity settled.

The Board has declared a final dividend of 150 cents per share. This brings the total annual dividend to 310 cents per share.

OUTLOOK

Tongaat Hulett has the advantage, in the prevailing global economic turbulence, of operating in a number of less affected market sectors, having specific opportunities in its operations and being favoured by a weaker Rand.

Land and property development sales in the short term are expected to come from the growth corridor north of Durban that commences inland of Umhlanga/Umdloti, extends around the new international airport at La Mercy and includes the greater Tongaat region. Tongaat Hulett owns 6 086 gross hectares in this corridor. Given the housing backlog and Government's commitment to infrastructure spend, there is both opportunity and socio-economic urgency to establish communities with affordable housing in this area and to accelerate land conversion for airport services and support logistics, niche industrial, health care, education and social facilities. In the present economic conditions, few hectares are likely to be converted to development in the high value, prime locations on the coastline (Tongaat Hulett's 6 006 hectares) and to the west of eThekwini (2 050 hectares) and the focus is on securing infrastructure and development rights, for conversion at the appropriate time.

Current developments in Zimbabwe are encouraging. In normalised conditions the Zimbabwean sugar operations would have twice the capacity of the expanded Mozambique operations, with similar market access and lower costs. The South African sugar milling, agriculture and refining operations will be influenced by the size of the current crop and the cane supply dynamics in northern KwaZulu-Natal. In Mozambique, sugar production in 2009 is targeted to be more than double the production in 2008, as the expansions come on stream, moving towards the 300 000 ton per annum level and benefiting from preferential access to the European Union market at premium prices. Following the anticipated cash absorption in the Mozambique expansion continuing into 2009, cash inflow is expected to commence in the latter part of 2009 and early 2010.

The starch operations have the prospect of a full year with maize prices close to the world price. Approximately 70% of the operation's maize requirements for 2009 have already been procured on this basis and there are good weather and planting indications for the current maize season.

For and on behalf of the Board

C M L Savage
Chairman

P H Staude
Chief Executive Officer

Amanzimnyama, Tongaat, KwaZulu-Natal

19 February 2009

SEGMENTAL ANALYSIS

Condensed consolidated Rmillion	Revenue	Profit from Operations	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2008							
Starch operations	2 150	240	1 841	585	1 257	85	92
Land and property developments	412	263	1 260	579	625	3	2
Sugar operations	4 544	606	6 432	676	5 721	1 487	150
Zimbabwe dividends		35					
Swaziland operations		44					
Mozambique operations		250					
SA agriculture, milling and refining		73					
Downstream value added activities		204					
Centrally accounted and consolidation items		23	24	2 896	(30)	1	
	7 106	1 132	9 557	4 736	7 573	1 576	244
2007							
Starch operations	1 679	105	1 658	317	1 340	76	91
Land and property developments	892	428	1 671	699	948	8	1
Sugar operations	3 824	360	4 260	193	3 807	671	130
Zimbabwe dividends		53					
Swaziland operations		35					
Mozambique operations		88					
SA agriculture, milling and refining		46					
Downstream value added activities		138					
Centrally accounted and consolidation items		(55)	38	1 932	(4)		
	6 395	838	7 627	3 141	6 091	755	222

BALANCE SHEET

Condensed consolidated Rmillion	Note	2008	2007
ASSETS			
Non-current assets			
Property, plant and equipment		**4 659**	3 210
Growing crops		**742**	353
Long-term receivable		**196**	203
Goodwill		**99**	42
Intangible assets		**6**	6
Investments		**268**	267
		5 970	4 081
Current assets		**3 587**	3 546
Inventories		**1 709**	1 331
Trade and other receivables		**1 647**	1 742
Derivative instruments		**2**	12
Tax			65
Cash and cash equivalents		**229**	396
TOTAL ASSETS		**9 557**	7 627
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**138**	138
Share premium		**1 506**	1 517
BEE held consolidation shares		**(1 023)**	(1 053)
Retained income		**2 087**	1 796
Other reserves		**351**	337
Shareholders' interest		**3 059**	2 735
Minority interests in subsidiaries		**276**	223
Equity		**3 335**	2 958
Non-current liabilities		**2 865**	2 156
Deferred tax		**582**	673
Long-term borrowings		**1 212**	410
Non-recourse equity-settled BEE borrowings		**792**	812
Provisions		**279**	261
Current liabilities		**3 357**	2 513
Trade and other payables (note 7)		**1 849**	1 494
Short-term borrowings		**1 373**	977
Derivative instruments		**23**	2
Tax		**112**	40
TOTAL EQUITY AND LIABILITIES		**9 557**	7 627
Number of shares (000)			
– in issue		**103 247**	103 005
– weighted average (basic)		**103 070**	104 987
– weighted average (diluted)		**105 225**	107 337

STATEMENT OF CHANGES IN EQUITY

	2008	2007
Balance at beginning of year	**2 735**	4 957
Net profit	**649**	3 457
Reallocation of minority interest	**(22)**	(7)
Dividends paid	**(336)**	(531)
Share capital issued - ordinary shares	**7**	49
Share capital issued - B ordinary shares		227
Share capital issued - A preferred ordinary shares		839
Repurchase of ordinary shares		(450)
BEE held consolidation shares	**30**	(1 053)
Share issue expenses		(9)
Share-based payment charge	**27**	374
Settlement of share-based payment awards	**(15)**	(81)
Movement in hedge reserve	**(15)**	
Foreign currency translation	**(1)**	19
Distribution in specie on unbundling of Hulamin		(5 056)
Shareholders' interest	**3 059**	2 735
Minority interests in subsidiaries	**276**	223
Balance at beginning of year	**223**	76
Share of profit	**31**	28
Reallocation of minority interest	**22**	7
Dividends paid to minorities	**(19)**	(20)
Change of holding in subsidiary	**(8)**	
Equity contribution by BEE minorities		18
Consolidation of subsidiaries		129
Hulamin unbundling		(19)
Foreign currency translation	**27**	4
Equity	**3 335**	2 958

NOTES

	2008	2007
1. Valuation adjustments		
Exchange rate translation gain/(loss)	**9**	(1)
Fair value adjustment on long-term receivable	**(7)**	
	2	(1)
2. Net financing costs		
Interest paid	**(428)**	(208)
Interest capitalised	**103**	15
Interest received	**45**	74
	(280)	(119)
3. Tax		
Normal	**(256)**	(98)
Deferred	**66**	(63)
Rate change adjustment (deferred)	**22**	
Secondary tax on companies	**(44)**	(127)
	(212)	(288)
4. Capital expenditure commitments		
Contracted	**587**	539
Approved but not contracted	**114**	796
	701	1 335
5. Operating lease commitments	**28**	23
6. Guarantees and contingent liabilities	**122**	35

7. Trade and other payables
Included in trade and other payables is the maize obligation (interest bearing) of R373 million (2007: R163 million).

8. Audited results
The consolidated financial statements for the year ended 31 December 2008 have been audited by Deloitte & Touche. Their unqualified audit opinion is available for inspection at the registered office of the company.

9. Basis of preparation
The audited financial statements for the year ended 31 December 2008, from which these condensed financial statements were derived, have been prepared in accordance with the accounting policies which fully comply with International Financial Reporting Standards and IAS 34 Interim Financial Reporting and are consistent with those applied in the previous year. Tongaat Hulett continues to account for its Zimbabwean operations on a dividend received basis.

CORPORATE INFORMATION

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

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