Tongaat Hulett

Interim Results for the six months ended 30 September 2010

Condensed consolidated Rmillion	Unaudited 6 months 30 Sept. 2010	Pro forma 6 months 30 Sept. 2009	Pro forma 12 months 31 March 2010	Audited 15 months 31 March 2010

INCOME STATEMENT

Revenue	**4 724**	4 011	8 789	11 136
Profit from operations	**963**	873	1 500	1 691
Capital profit on land	**4**	2	52	52
Capital profit on insurance claim		12	13	13
BEE IFRS 2 charge and transaction costs	**(18)**	(16)	(26)	(35)
Zimbabwe consolidation take-on gain				1 969
Valuation adjustments		(3)	(4)	(3)
Operating profit	**949**	868	1 535	3 687
Share of associate company's profit				1
Net financing costs (note 1)	**(231)**	(142)	(365)	(452)
Profit before tax	**718**	726	1 170	3 236
Tax (note 2)	**(166)**	(214)	(158)	(208)
Net profit for the period	**552**	512	1 012	3 028
Profit attributable to:				
Shareholders of Tongaat Hulett	**511**	462	885	2 898
Minority (non-controlling) interest	**41**	50	127	130
	552	512	1 012	3 028
Headline earnings attributable to Tongaat Hulett shareholders (note 3)	**507**	452	815	858
Earnings per share (cents)				
Net profit per share				
Basic	**485,5**	447,3	856,2	2 791,6
Diluted	**472,6**	440,1	839,1	2 736,0
Headline earnings per share				
Basic	**481,7**	437,6	788,5	826,5
Diluted	**468,9**	430,6	772,7	810,0
Dividend per share (cents)	**110,0**	100,0	275,0	275,0
Currency conversion				
Rand/US dollar closing	**6,99**	7,42	7,39	7,39
Rand/US dollar average	**7,39**	8,13	7,81	8,23
Rand/Metical average	**0,22**	0,30	0,27	0,29
Rand/Euro average	**9,58**	11,33	11,03	11,40

SEGMENTAL ANALYSIS

REVENUE				
Starch operations	**1 185**	1 110	2 243	2 778
Land Conversion and Developments	**99**	82	260	274
Sugar				
Zimbabwe operations	**734**	665	1 325	1 636
Swaziland operations	**108**	113	133	134
Mozambique operations	**489**	138	447	463
SA agriculture, milling and refining	**1 267**	1 139	3 148	4 285
Downstream value added activities	**842**	764	1 233	1 566
Consolidated total	**4 724**	4 011	8 789	11 136
PROFIT FROM OPERATIONS				
Starch operations	**125**	117	251	301
Land Conversion and Developments	**97**	72	194	187
Sugar				
Zimbabwe operations	**303**	326	518	576
Swaziland operations	**19**	29	51	63
Mozambique operations	**163**	79	141	192
SA agriculture, milling and refining	**47**	77	136	158
Downstream value added activities	**136**	127	200	226
Centrally accounted and consolidation items	**73**	46	9	(12)
Consolidated total	**963**	873	1 500	1 691

Condensed consolidated Rmillion	Unaudited 6 months 30 Sept. 2010	Pro forma 6 months 30 Sept. 2009	Audited 15 months 31 March 2010

STATEMENT OF CASH FLOWS

Operating profit	**949**	868	3 687
Profit on disposal of property, plant and equipment	**(7)**	(15)	(87)
Depreciation	**225**	234	521
Zimbabwe consolidation take-on gain			(1 969)
Growing crops and other non-cash items	**(196)**	(110)	(729)
Tax payments	**(42)**	(110)	(257)
	929	867	1 166
Change in working capital	**(956)**	(762)	789
Cash flow from operations	**(27)**	105	1 955
Net financing costs	**(231)**	(142)	(452)
Cash flow from operating activities	**(258)**	(37)	1 503
Expenditure on property, plant and equipment:			
New	**(138)**	(433)	(1 416)
Replacement	**(109)**	(147)	(280)
Major plant overhaul costs	**(131)**	(13)	(291)
Other capital items	**(5)**	(18)	35
Net cash flow before dividends and financing activities	**(641)**	(648)	(449)
Dividends paid	**(83)**	(116)	(283)
Net cash flow before financing activities	**(724)**	(764)	(732)
Borrowings raised	**1 175**	671	652
Non-recourse equity-settled BEE borrowings	**(13)**	(12)	(4)
Shares issued	**3**	4	14
Settlement of share-based payment awards	**(18)**	(11)	(22)
Net increase/(decrease) in cash and cash equivalents	**423**	(112)	(92)
Balance at beginning of period	**140**	422	229
Foreign exchange adjustment	**(1)**	(46)	(61)
Exchange rate translation loss		(3)	(5)
Subsidiaries consolidated			69
Cash and cash equivalents at end of period	**562**	261	140

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 Jakoet, J John, R P Kupara^, A A Maleiane+, T V Maphai, T N Mgoduso, M Mia, N Mjoli-Mncube, M H Munro*, C B Sibisi, R H J Stevens.
* Executive directors ^ Zimbabwean + Mozambican

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P O Box 3, Tongaat 4400 Telephone: +27 32 439 4019, Facsimile: +27 31 570 1055

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

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

- **Revenue of R4,724 billion** (2009: R4,011 billion)
- **Profit from operations of R963 million** (2009: R873 million)
- **Headline earnings of R507 million** (2009: R452 million)
- **Interim dividend of 110 cents per share** (2009: 100 cents per share)

COMMENTARY

The past six months have been characterised by counteractive factors. Tongaat Hulett is starting to benefit from the targeted sugar production growth in Mozambique and Zimbabwe. Sugar production in South Africa has been affected by the severe drought in the current season. Sugar realisations in this period have not yet reflected the benefits of the recent surge in world sugar prices brought about by supply and demand dynamics. Exchange rates have been less favourable than in the corresponding six months in 2009. In the current economic climate, the sale of development land remained depressed. Tongaat Hulett's headline earnings increased by 12% to R507 million for the half-year ended 30 September 2010, compared to the R452 million earned in the six months to 30 September 2009. The profit from operations for the half-year grew by 10% to R963 million from the R873 million earned in the same period in 2009.

Profit from the starch operations for the six months was R125 million, compared to R117 million in the same period last year. A third consecutive year of favourable agricultural conditions in South Africa yielded a large maize crop in 2009/10 of 13 million tons (2008/9: 12 million tons) and resulted in local maize prices trading close to world prices. The margin benefit of lower maize costs was partially offset by lower co-product prices and the effect of a firmer Rand. Starch and glucose sales volumes in the local market were similar to the corresponding prior period. Volumes in the alcoholic beverage, coffee creamer and confectionary sectors started recovering while the canning and prepared food sectors reflected lower volumes.

The profit from sugar operations in Zimbabwe was R303 million (US$ 41 million) in the first half of the financial year, compared to R326 million (US$ 40 million) in the same period last year. Sales volumes in the first half of the year were 3% higher than the same period last year. Sugar production commenced later than normal at the Hippo Valley mill following the extensive rehabilitation work undertaken during the off-season. The crush rate has since increased closer to capacity as the refurbished second extraction line was brought into production.

In Mozambique, profit from the sugar operations for the six months to September 2010 increased to R163 million (Metical 739 million) from R79 million (Metical 263 million) in the same period last year, benefiting from substantially higher volumes. The rapid depreciation of the Metical has resulted in a situation where domestic sugar prices need to increase by more than 50% to be in line with regional pricing.

The South African sugar milling, refining and agriculture operations contributed R47 million to profit for the six months ended September 2010 (2009: R77 million). The drought conditions in KwaZulu-Natal have led to a reduction in the current sugar crop and higher costs per ton of sugar produced. Sales volumes in the first half of the year grew by 7% together with higher local and export sales realisations. Almost all of Tongaat Hulett's sugar production is effectively sold in the local market under the Huletts brand. In terms of the South African sugar industry legislated regulations, 79% of the sales in the current season are deemed to be local and 21% are recognised and valued as exports. Raw sugar export volumes from South Africa were sold at an effective world sugar price of 19,0 US c/lb (prior season: 16,5 US c/lb) at an average exchange rate of R7,67/US$ (prior season: R8,16/US$).

The downstream sugar value added activities contributed R136 million to profit (2009: R127 million). This includes Voermol animal feeds, South African refined exports, regional marketing, sales, packing and distribution activities.

In Swaziland, the Tambankulu sugar estate generated operating profit of R19 million for the half-year (2009: R29 million). The exchange rate of the Rand against the Euro has negatively impacted export earnings. Production for the full year is expected to be similar to the previous season.

Tongaat Hulett's land and property development activity is currently focused on value creation for all stakeholders in the growth corridor north of Durban, including the new international air platform at King Shaka, targeting land conversion at the appropriate time and value. In the current economic climate, 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 Durban. Tongaat Hulett owns 13 807 gross hectares for development in South Africa. Operating profit from land conversion and development for the six months to September 2010 amounted to R97 million (2009: R72 million) with a further R4 million in capital profits (2009: R2 million) being realised. During this period, 39 developable hectares (56 gross hectares) were sold in the area north of Durban. Revenue was generated mainly from sales in the Umhlanga Ridgeside and Izinga areas, together with a benefit and associated land sale for the golf course at Zimbali Lakes, which is currently being constructed by Tongaat Hulett's joint venture partner. In the current economic climate there has been increased attention on controlling development expenditure, with cost savings being brought to account.

The centrally accounted and consolidation items included a gain of R130 million (2009: R82 million) on the recognition of an unconditional entitlement to an employer surplus account allocation in the Tongaat Hulett pension fund.

The tax charge in the income statement includes the attractive Mozambique tax rate for agricultural operations and a lower tax rate in Zimbabwe compared to the first half of the previous financial year.

Finance costs for the first half of the 2010/11 year increased to R231 million from R142 million in the first half of the 2009/10 year. The capitalisation of interest on the Mozambique expansion project ended in the 2009/10 year, with the commissioning having been completed.

Cash inflow from operations, before working capital, was R929 million for the six months to September 2010 (2009: R867 million). Cash flow was adversely impacted by full production of sugar commencing later than expected due to unseasonal rain in Mozambique and the extensive rehabilitation work in Zimbabwe. The September half-year coincides with a peak working capital absorption point in the year. Tongaat Hulett's net debt at the end of September 2010 was R3,741 billion. This compares to R3,245 billion at September 2009. The last two years have seen significant capital expenditure on the Mozambique expansion and cash being absorbed in the establishment of the expanded cane crops, the replanting of sugar cane and mill refurbishment in Zimbabwe.

The Board has declared an interim dividend of 110 cents per share (2009: 100 cents per share).

OUTLOOK

Regional sugar prices are now starting to rise in response to the higher world prices. The demand for raw sugar into the European Union is intensifying. Sugar available for export from the current season's production is limited. The drought experienced in South Africa has brought forward the closure of the sugar mills for the 2010/11 season. The mills in Zimbabwe and Mozambique are likely to close in December for start-up in April and May for the 2011/12 season.

Tongaat Hulett expects to make further progress in growing sugar production towards the target of doubling the 2009/10 production, utilising the available milling capacity, with a simultaneous reduction in unit costs.

Zimbabwe sugar production in the 2010/11 season is expected to be between 330 000 and 350 000 tons (2009/10: 259 000 tons). In the 2011/12 season, production is expected to increase to between 380 000 and 400 000 tons of sugar, with better cane age and yields on a similar number of hectares being harvested, as well as improved sugar extraction in the mills.

In Mozambique, sugar production in the 2010/11 season is expected to be between 185 000 and 205 000 tons (2009/10: 134 000 tons). In order to improve the ongoing profile and age of the crop, some sugar cane originally targeted for milling in the 2010/11 season will now be milled early in the 2011/12 season. Production in the 2011/12 season is projected to be between 270 000 and 290 000 tons of sugar, with an increase in hectares harvested, higher cane yields and improved sugar extraction in the mills.

The drought in KwaZulu-Natal has resulted in the current season's South African sugar production being more than 100 000 tons below the 564 000 tons produced in the 2009/10 season, notwithstanding the additional 2 000 hectares under cane supplying Tongaat Hulett's mills. An additional 6 000 hectares of new cane land is currently being planted.

The South African Department of Energy's Integrated Resource Plan for Electricity now includes bagasse as one of the preferred options for electricity generation. Tongaat Hulett has the potential to generate 189 megawatts, excluding tops and trash, in South Africa.

Agricultural land conversion and development activity is currently focused on development and bulk sale opportunities in the growth corridor north of Durban, including industrial and business park land adjacent to the new international airport and at Cornubia. Industrial land in Durban/eThekwini remains in short supply.

The large South African maize harvest in 2010 and the high maize stock levels from the previous two seasons should maintain local maize prices close to world prices and contribute to the competitiveness of the starch operation. Higher international starch prices are countering the impact of the exchange rate.

Tongaat Hulett's financial results remain sensitive to movements in the Rand, US dollar, Euro and Mozambique Metical. These impact on the revenue streams, costs incurred and the conversion of profits into Rands.

For and on behalf of the Board

J B Magwaza — Chairman
Peter Staude — Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

12 November 2010

DIVIDEND DECLARATION

Notice is hereby given that the Board has declared an interim dividend (number 166) of 110 cents per share for the half-year ended 30 September 2010 to shareholders recorded in the register at the close of business on Friday 14 January 2011.

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

Last date to trade ordinary shares "CUM" dividend	Friday	7 January 2011
Ordinary shares trade "EX" dividend	Monday	10 January 2011
Record date	Friday	14 January 2011
Payment date	Thursday	20 January 2011

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 10 January 2011 and Friday 14 January 2011, 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 7 January 2011.

For and on behalf of the Board

M A C Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

12 November 2010

Condensed consolidated Rmillion	Unaudited 30 Sept. 2010	Pro forma 30 Sept. 2009	Audited 31 March 2010

STATEMENT OF FINANCIAL POSITION

ASSETS			
Non-current assets			
Property, plant and equipment	**7 230**	7 716	7 710
Growing crops	**2 019**	1 425	2 041
Long-term receivable	**135**	196	
Goodwill	**223**	249	240
Intangible assets	**13**	6	9
Investments	**4**	5	10
	9 624	9 597	10 010
Current assets	**4 972**	4 347	3 358
Inventories	**2 426**	2 206	1 373
Trade and other receivables	**1 966**	1 858	1 836
Derivative instruments	**18**	22	9
Cash and cash equivalents	**562**	261	140
TOTAL ASSETS	**14 596**	13 944	13 368
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**139**	138	139
Share premium	**1 521**	1 514	1 519
BEE held consolidation shares	**(907)**	(1 004)	(935)
Retained income	**5 116**	4 284	4 691
Other reserves	**(1 616)**	(452)	(841)
Shareholders' interest	**4 253**	4 480	4 573
Minority interest in subsidiaries	**838**	862	870
Equity	**5 091**	5 342	5 443
Non-current liabilities	**3 509**	4 021	3 708
Deferred tax	**1 296**	1 463	1 272
Long-term borrowings	**942**	1 273	1 103
Non-recourse equity-settled BEE borrowings	**774**	800	787
Provisions	**497**	485	546
Current liabilities	**5 996**	4 581	4 217
Trade and other payables (note 4)	**2 574**	2 198	2 131
Short-term borrowings	**3 361**	2 233	2 077
Derivative instruments		9	3
Tax	**61**	141	6
TOTAL EQUITY AND LIABILITIES	**14 596**	13 944	13 368
Number of shares (000)			
– in issue	**104 812**	103 432	103 677
– weighted average (basic)	**105 246**	103 295	103 811
– weighted average (diluted)	**108 131**	104 971	105 922

Condensed consolidated Rmillion	Unaudited 6 months 30 Sept. 2010	Pro forma 6 months 30 Sept. 2009	Audited 15 months 31 March 2010

STATEMENT OF CHANGES IN EQUITY

Balance at beginning of period	**4 573**	4 992	3 059
Total comprehensive income for the period	**(272)**	(413)	1 689
Retained earnings	**511**	462	2 898
Movement in hedge reserve	**5**	26	17
Foreign currency translation	**(788)**	(901)	(1 226)
Dividends paid	**(73)**	(106)	(264)
Allocation of BEE amount		(12)	29
Share capital issued - ordinary	**3**	4	14
BEE held consolidation shares	**15**	11	29
Share-based payment charge	**25**	15	39
Settlement of share-based payment awards	**(18)**	(11)	(22)
Shareholders' interest	**4 253**	4 480	4 573
Minority interest in subsidiaries	**838**	862	870
Balance at beginning of period	**870**	1 037	276
Total comprehensive income for the period	**(23)**	(151)	(106)
Retained earnings	**41**	50	130
Foreign currency translation	**(64)**	(201)	(236)
Dividends paid to minorities	**(10)**	(10)	(19)
Allocation of BEE amount		12	(29)
Change of interest in subsidiary		(7)	(7)
Consolidation of subsidiaries	**1**	(19)	755
Equity	**5 091**	5 342	5 443

STATEMENT OF OTHER COMPREHENSIVE INCOME

Profit for the period	**552**	512	3 028
Other comprehensive income	**(847)**	(1 076)	(1 445)
Movement in non-distributable reserves:			
Foreign currency translation	**(852)**	(1 102)	(1 462)
Hedge reserve	**7**	36	23
Tax on movement in hedge reserve	**(2)**	(10)	(6)
Total comprehensive income for the period	**(295)**	(564)	1 583
Total comprehensive income attributable to:			
Shareholders of Tongaat Hulett	**(272)**	(413)	1 689
Minority (non-controlling) interest	**(23)**	(151)	(106)
	(295)	(564)	1 583

NOTES

1. Net financing costs			
Interest paid	**(237)**	(227)	(577)
Interest capitalised	**1**	66	88
Interest received	**5**	19	37
	(231)	(142)	(452)
2. Tax			
Normal	**(88)**	(149)	(309)
Deferred	**(66)**	(49)	(14)
Rate change adjustment - deferred			154
Secondary tax on companies	**(12)**	(16)	(39)
	(166)	(214)	(208)
3. Headline earnings			
Profit attributable to shareholders	**511**	462	2 898
Less Zimbabwe consolidation take-on gain			(1 969)
Less after tax effect of:			
Capital profit on disposal of land	**(4)**	(2)	(52)
Capital profit on insurance claim		(9)	(11)
Fixed assets and other disposals		1	(8)
	507	452	858

4. Trade and other payables
Included in trade and other payables is the maize obligation (interest bearing) of R354 million (30 September 2009: R477 million and 31 March 2010: R381 million).

5. Capital expenditure commitments			
Contracted	**101**	395	234
Approved	**65**	120	118
	166	515	352
6. Operating lease commitments	**43**	44	31
7. Guarantees and contingent liabilities	**145**	145	148

8. Basis of preparation
The condensed consolidated unaudited results for the half-year ended 30 September 2010 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, the AC 500 standards as issued by the Accounting Practices Board and the JSE Limited Listings Requirements. The accounting policies are consistent with those used for the audited 2010 annual financial statements which fully comply with International Financial Reporting Standards.

9. Pro forma results
The pro forma results for the prior period are presented for comparative purposes. The pro forma detail and the requisite reporting accountants' report have been published on SENS.