



Tongaat Hulett

Interim Results for the six months ended 30 September 2012

Condensed consolidated	Unaudited 6 months to 30 Sept. 2012	Unaudited 6 months to 30 Sept. 2011	Audited 12 months to 31 March 2012
Rmilion			
INCOME STATEMENT			
Revenue	7 398	6 027	12 081
Profit from operations	1 313	1 047	1 921
Bulk sales/capital profit on land	2	3	3
Other capital items	(1)		
BEE IFRS 2 charge and transaction costs	(28)	(24)	(48)
Valuation adjustments	2	3	2
Operating profit	1 288	1 029	1 878
Share of associate company's profit			1
Net financing costs (note 1)	(281)	(249)	(507)
Profit before tax	1 007	780	1 372
Tax (note 2)	(273)	(183)	(351)
Net profit for the period	734	597	1 021
Profit attributable to:			
Shareholders of Tongaat Hulett	655	505	889
Minority (non-controlling) interest	79	92	132
	734	597	1 021
Headline earnings attributable to Tongaat Hulett shareholders (note 3)	654	501	891
Earnings per share (cents)			
Net profit per share			
Basic	605,2	477,4	837,0
Diluted	594,0	466,3	817,6
Headline earnings per share			
Basic	604,3	473,6	838,9
Diluted	593,1	462,6	819,4
Dividend per share (cents)	150,0	120,0	290,0
Currency conversion			
Rand/US dollar closing	8,27	8,06	7,67
Rand/US dollar average	8,18	6,95	7,44
Rand/Metical average	0,30	0,24	0,27
Rand/Euro average	10,40	9,91	10,24
US dollar/Euro average	1,27	1,43	1,38

SEGMENTAL ANALYSIS

REVENUE	Unaudited 6 months to 30 Sept. 2012	Unaudited 6 months to 30 Sept. 2011	Audited 12 months to 31 March 2012
Starch operations	1 401	1 210	2 580
Land Conversion and Developments	430	92	366
Sugar	1 633	1 179	2 266
Zimbabwe operations	135	117	163
Swaziland operations	1 286	1 082	1 437
Mozambique operations	1 509	1 353	3 465
SA agriculture, milling and refining	1 004	994	1 804
Downstream value added activities			
Consolidated total	7 398	6 027	12 081
PROFIT FROM OPERATIONS			
Starch operations	147	167	363
Land Conversion and Developments	244	62	215
Sugar	437	364	621
Zimbabwe operations	41	30	51
Swaziland operations	270	267	402
Mozambique operations	99	54	93
SA agriculture, milling and refining	122	142	261
Downstream value added activities			
Profit from the operating areas	1 360	1 086	2 006
Centrally accounted and consolidation items	(47)	(39)	(85)
Consolidated total	1 313	1 047	1 921

STATEMENT OF CASH FLOWS

Operating profit	Unaudited 6 months to 30 Sept. 2012	Unaudited 6 months to 30 Sept. 2011	Audited 12 months to 31 March 2012
Operating profit	1 288	1 029	1 878
Profit on disposal of property, plant and equipment	(5)	(4)	(10)
Depreciation	231	232	366
Growing crops and other non-cash items	280	327	(352)
Tax payments	(47)	(29)	(125)
Operating cash flow	1 747	1 555	1 757
Change in working capital	(1 390)	(1 044)	(519)
Cash flow from operations	357	511	1 238
Net financing costs	(281)	(249)	(507)
Cash flow from operating activities	76	262	731
Expenditure on property, plant and equipment:			
New	(61)	(89)	(329)
Replacement	(338)	(156)	(336)
Major plant overhaul costs	(97)	(74)	(9)
Other capital items	(35)	(40)	(62)
Net cash flow before dividends and financing activities	(455)	(97)	(5)
Dividends paid	(192)	(156)	(288)
Net cash flow before financing activities	(647)	(253)	(293)
Borrowings raised	1 160	579	516
Non-recourse equity-settled BEE borrowings		(13)	(24)
Shares issued			4
Settlement of share-based payment awards	(43)	(4)	(30)
Net increase in cash and cash equivalents	470	309	173
Balance at beginning of period	592	350	350
Foreign exchange adjustment	37	162	69
Cash and cash equivalents at end of period	1 099	821	592

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 Jakoe, J John, R P Kupara*, A A Maleiane*, T N Mgoduso, N Mjoli-Mncube, M H Munro*, S G Pretorius, C B Sibisi.	* Executive directors ^ Zimbabwean *Mozambican		
Registered office: Amanzimnyama Hill Road, Tongaat, KwaZulu-Natal	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 R7,398 billion (2011: R6,027 billion) +22,7%
- Profit from operations of R1,313 billion (2011: R1,047 billion) +25,4%
- Headline earnings of R654 million (2011: R501 million) +30,5%
- Interim dividend of 150 cents per share (2011: 120 cps) +25,0%

COMMENTARY

Tongaat Hulett's headline earnings for the half-year ended 30 September 2012 increased by 30,5% to R654 million (2011: R501 million), benefitting from growth in sugar and industrial land sales.

Revenue for the six months grew by 23% to R7,4 billion (2011: R6,0 billion). Total sugar sales volumes in the first six months of the 2012/13 year were 9% above the first half of last year, with higher sugar production levels, a larger crop and a drive to end the milling season earlier this year. Significant sales were concluded in the land conversion activities, mainly in the Cornubia Industrial and Umhlanga Ridge areas.

Profit from operations grew by 25% to R1,313 billion from R1,047 billion in the same period last year. Tongaat Hulett is benefitting from higher sugar production volumes with the related reduction in the unit cost of production, against the background of general margin pressure in the relationship of selling price movements versus higher input costs.

Operating profit from land conversion and development for the six months to September 2012 amounted to R244 million (prior period: R62 million) with a further R2 million in capital profits (prior period: R3 million) being realised. In the present economic conditions few hectares are being converted to development. In the first half of the 2012/13 year, 40 developable hectares (46 gross hectares) were sold. Revenue was generated mainly from sales in the Cornubia Industrial, Umhlanga Ridge Town Centre, La Lucia Ridge Office Estate, Izanga, Kindelewood, Mount Moriah and Zimbali areas.

Operating profit from the South African sugar operations including the downstream sugar value added activities increased by 13% to R221 million. The agriculture, sugar milling and refining operations continued to recover, with operating profit amounting to R99 million (2011: R54 million). The various downstream sugar value added activities recorded profit of R122 million (2011: R142 million). Export and local market sales volumes totalled 271 000 tons in the six months (2011: 253 000 tons).

Operating profit in Mozambique was R270 million compared to R267 million in 2011. Sugar production in Mozambique is consolidating this year following the record 42% increase last year. Rainfall conditions in the irrigation catchment area at Mafambisse have led to a reduction in that harvest. Costs of production reflect the impact of the last wage increase of 11%. The strength of the Metical (Euro weakness) impacted negatively on export realisations while it had a positive effect on converting Metical earnings into Rands.

The Zimbabwean sugar operations generated operating profit of R437 million (US\$53 million) compared to R364 million (US\$52 million) last year. Margin pressure is being experienced in the nexus of selling price movements and input cost increases, following the last 18% wage increase. Hippo Valley experienced an increase in agricultural expenditure and cane supply costs, as the operations invest in increasing future cane supplies. The weaker Euro/US\$ exchange rate impacted negatively on export proceeds while the weaker average Rand/US\$ impacted positively on the conversion of US\$ profits into Rands. As at 30 September 2012, the year to date sugar production was 341 000 tons compared to 265 000 tons in the same period in 2011, a 29% increase.

In Swaziland, the Tambankulu sugar estate's operating profit increased to R41 million (2011: R30 million), as a result of higher sucrose prices.

Profit from the starch operations decreased by 12% to R147 million (2011: R167 million). Starch and glucose processing margins came under pressure as a result of higher local maize prices, which were above the Chicago (CBOT) price following a dry summer and expectations of a reduced crop. Domestic market volumes reflected a growth of 3,8% despite a poor first quarter and the impact of the national transport strike. Manufacturing plant performance has continued to improve.

Operating cash flow, before working capital, increased to R1,7 billion which was in line with the growth in operating profit. The R1,4 billion absorption of cash in working capital during the six months to September is consistent with this being a high point in the sugar season. This particularly applies to South Africa, with large cane payments having been made and sugar stock levels having increased, in advance of them reducing again towards the end of the season. The increase in operating cash flow follows the previous absorption of cash in the numerous expansion and new sugar cane establishment programs. Tongaat Hulett's net debt at the end of September was R5,088 billion. The replacement of significant portions of short term debt with appropriately structured long term debt has been successfully concluded.

Total net profit was R734 million for the half-year to 30 September 2012 (2011: R597 million).

The interim dividend declaration has increased by 25% to 150 cents per share (2011: 120 cents per share).

OUTLOOK

Building on its current increasing momentum as it increases sugar cane supplies, Tongaat Hulett is now examining how much above 2 million tons per annum it could grow its sugar production from its existing mills. This would include maximising production rates and up-times in the mills, extending the length of the milling season and debottlenecking at a moderate cost. Unit costs will benefit substantially from increasing volumes and yields, as milling costs and many of the agricultural costs per hectare are mostly fixed.

Sugar production for the full 2012/13 year is expected to grow between 8% and 15%, following last year's 14% increase to 1,150 million tons.

DIVIDEND DECLARATION

Notice is hereby given that the Board has declared an interim gross dividend (number 170) of 150 cents per share for the half-year ended 30 September 2012 to shareholders recorded in the register at the close of business on Friday 18 January 2013.

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

Last date to trade ordinary shares "CUM" dividend	Friday 11 January 2013
Ordinary shares trade "EX" dividend	Monday 14 January 2013
Record date	Friday 18 January 2013
Payment date	Thursday 24 January 2013

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 14 January 2013 and Friday 18 January 2013, 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

The season is well advanced and the major variable is excessive rainfall, which could hamper harvesting and lead to cane being carried over to the next season.

Good progress is being made with the many initiatives underway to improve root age, farming practices and crop positioning that are aimed at improving cane yields and sucrose content. The low dam levels in the Triangle, Hippo Valley and Mafambisse areas have already impacted root planting and yields respectively and it is important to have good rainfall this season in the catchment areas. New sugar cane root plantings across the various cane growing areas in the current year are targeted to reach 11 600 hectares, which follows last year's actions that increased the area under cane by some 13 520 hectares.

Tongaat Hulett's operations in Zimbabwe, employing 18 000 people, are in an important recovery, growth and expansion phase, which should create sustainable value for all stakeholders. Sugar production has already increased from 259 000 tons in 2009/10 to an expected 460 000 to 490 000 tons this year, with substantial reinvestment in the business by Tongaat Hulett. A central part of this recovery has been the re-establishment of cane growing by improving agricultural yields on Tongaat Hulett estates and substantially developing indigenous private cane farmers. As at October 2012, at least 670 active indigenous private cane farmers, farming some 11 100 hectares and employing more than 5 550 people, supply 772 000 tons of cane which generates US\$50 million in annual revenue for them.

Zimbabwe, with Tongaat Hulett as a partner, has the potential to further develop indigenous private cane farmers substantially. This potential is linked to how much annual production can be achieved in the existing sugar mills. Based on Tongaat Hulett's view of its existing mills, a further 600 farmers on 12 700 hectares could supply an additional 1,4 million tons of cane per annum. In total, all these indigenous private cane farmer developments could earn US\$150 million gross revenue per annum and employ more than 12 000 people. Dialogue is maintained with key stakeholders including the appropriate authorities at the highest levels to ensure a full understanding of all the relevant dynamics and issues.

The current focus in Mozambique is to maximise sugar production from the existing mills to well above 310 000 tons per annum, reduce costs of production and to investigate brownfield expansion opportunities at Mafambisse.

The strategy to increase cane supply in South Africa is focused on commercial farmers, small-scale farmers and increasing Tongaat Hulett's influence in cane development through leasing additional land and collaborating with Government to rehabilitate cane supply on land reform farms that have gone out of cane. The gap between hectares under cane and hectares milled will remain a feature of the next few years as a result of accelerated root replanting (with the time required from planting to first harvesting) to improve cane age, generate better yields and increase the crop's ability to withstand variable weather conditions and as the business makes progress improving the cane age / crop positioning for optimal harvesting to increase future cane supplies. This year, this dynamic has been further affected by the national transport strike in South Africa followed by unusually heavy rains. The increased level of carry-over cane from the current season into next season could lead to the mills opening earlier than usual in 2013 to accommodate the increased level of sugar production.

Severe drought conditions in the United States have led to increases in international prices as global grain stocks have come under pressure. The higher prices are expected to encourage an increase in the new season plantings for the South African maize crop. This, combined with final estimates of the prior season crop being above initial forecasts, has led to local maize prices trading below Chicago (CBOT) prices which will support margins in the second half of the year. Approximately 86% of the maize requirements for the remainder of the current year have been priced with starch customers or hedged at levels close to or below the Chicago price.

Tongaat Hulett has targeted some 8 560 developable hectares (13 561 gross hectares) for development in South Africa. There are on-going processes on most of the developable land to enhance its usage and value to all stakeholders. The extent and pace of planning, in collaboration with Government, has increased substantially. At present, 2 049 developable hectares are the subject of environmental and planning processes. An increasing number of hectares of land are moving towards becoming active developments, including the Cornubia New Town Centre where the environmental impact assessment is well underway. Various sales strategies (bulk sale, partnership or own development) continue to be reviewed for each land holding and implemented as appropriate. The exact timing of land sales, including bulk sales, remains variable in the current economic climate.

Tongaat Hulett's financial results remain sensitive to movements in exchange rates, which impact particularly on export realisations and the conversion of profits from Zimbabwe and Mozambique into Rands.

The future revenue stream would benefit significantly from electricity and ethanol developments. Tongaat Hulett continues to interface with Government towards establishing an appropriate regulatory framework for both electricity generation and ethanol production from sugar cane.

For and on behalf of the Board

J B Magwaza
Chairman

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal
8 November 2012

in British currency at the rate of exchange ruling at the close of business on Friday 11 January 2013.

The dividend has been declared from income reserves. There are no STC credits available for utilisation. A net dividend of 127,5 cents per share will apply to shareholders liable for the local 15% dividend withholding tax and 150 cents per share for shareholders exempt from paying the dividend tax. The issued ordinary share capital as at 8 November 2012 is 108 500 806 shares. The company's income tax reference number is 9306/101/20/6.

For and on behalf of the Board

M A C Mahlari
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal
8 November 2012

Condensed consolidated	Unaudited 30 Sept. 2012	Unaudited 30 Sept. 2011	Audited 31 March 2012
Rmilion			
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Non-current assets			
Property, plant and equipment	9 559	9 144	9 026
Growing crops	3 540	2 897	3 575
Defined benefit pension fund asset	294	295	294
Long-term receivable	85	135	115
Goodwill	276	272	260
Intangible assets	69	67	65
Investments	10	8	12
	13 833	12 818	13 347
Current assets			
Inventories	7 502	5 908	4 435
Trade and other receivables	3 255	2 556	1 483
Derivative instruments	3 147	2 529	2 356
Cash and cash equivalents	1 099	821	592
TOTAL ASSETS	21 335	18 726	17 782
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	134	140	140
Share premium	1 535	1 524	1 528
BEE held consolidation shares	(775)	(833)	(799)
Retained income	6 357	5 645	5 888
Other reserves	351	512	(48)
Shareholders' interest	7 602	6 988	6 709
Minority interest in subsidiaries	1 234	1 069	1 087
Equity	8 836	8 057	7 796
Non-current liabilities			
Deferred tax	6 630	4 143	4 706
Long-term borrowings	1 758	1 541	1 663
Non-recourse equity-settled BEE borrowings	3 534	1 295	1 732
Provisions	737	748	737
	601	559	574
Current liabilities			
Trade and other payables (note 4)	5 869	6 526	5 280
Short-term borrowings	2 984	2 583	1 997
Derivative instruments	2 653	3 804	3 264
Tax	8	20	1
	224	119	18
TOTAL EQUITY AND LIABILITIES	21 335	18 726	17 782
Number of shares ('000)			
- in issue	108 501	105 014	105 143
- weighted average (basic)	108 220	105 785	106 209
- weighted average (diluted)	110 274	108 298	108 739

Condensed consolidated	Unaudited 6 months to 30 Sept. 2012	Unaudited 6 months to 30 Sept. 2011	Audited 12 months to 31 March 2012
Rmilion			
STATEMENT OF CHANGES IN EQUITY			
Balance at beginning of period	6 709	4 800	4 800
Total comprehensive income for the period	1 070	2 293	2 125
Retained earnings	655	505	889
Movement in hedge reserve	(415)	(16)	(2)
Foreign currency translation	415	1 804	1 238
Dividends paid	(184)	(150)	(279)
Share capital issued - ordinary			4
BEE held consolidation shares	24	22	42
Share-based payment charge	26	27	47
Settlement of share-based payment awards	(43)	(4)	(30)
Shareholders' interest	7 602	6 988	6 709
Minority interest in subsidiaries	1 234	1 069	1 087
Balance at beginning of period	1 087	840	840
Total comprehensive income for the period	155	235	256
Retained earnings	79	92	132
Foreign currency translation	76	143	124
Dividends paid to minorities	(8)	(6)	(9)
Equity	8 836	8 057	7 796

STATEMENT OF OTHER COMPREHENSIVE INCOME

Net profit for the period
