

**TONGAAT-HULETT GROUP**  
**INTERIM RESULTS FOR HALF-YEAR ENDED 30 JUNE 2006**

- 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.

Tongaat-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  
Chairman

P H Staude  
Chief Executive Officer

Amanzimnyama, Tongaat, KwaZulu-Natal

28 July 2006

# THE TONGAAT-HULETT GROUP LIMITED

Registration No. 1892/000610/06    Share code TNT    Issuer code THGL    ISIN ZAE000007449

## INTERIM RESULTS for the half-year ended 30 June 2006

| Income Statement                                      |      |   |   |  |
|---|------|---|---|--|
| Rmillion  | Note | Unaudited<br>Half-year<br>30 June<br>2006 | Unaudited<br>Half-year<br>30 June<br>2005 | Audited<br>Year ended<br>31 December<br>2005 |
| <b>Revenue</b>  |      | <b>3 472</b>                              | 3 091                                     | <b>6 926</b>                                 |
| Operating profit                                      | 1    | 470                                       | 319                                       | 730  |
| Share of associate company's profit/(loss)            |      | 0   | (13)                                      | (25)   |
| Net financing costs                                   | 2    | (19)                                      | (35)                                      | (60)   |
| <b>Profit before tax</b>                              |      | <b>451</b>                                | 271                                       | <b>645</b>                                   |
| Tax   | 3    | (131)                                     | (55)                                      | (162)  |
| <b>Net profit</b>                                     |      | <b>320</b>                                | 216                                       | <b>483</b>                                   |
| <b>Attributable to:</b>                               |      |   |   |  |
| Shareholders  |      | 317                                       | 216                                       | 472  |
| Minority interest                                     |      | 3   | 0   | 11   |
|   |      | <b>320</b>                                | 216                                       | <b>483</b>                                   |
| <b>Headline earnings attributable to shareholders</b> | 4    | <b>297</b>                                | 208                                       | <b>466</b>                                   |
| <b>Earnings per share (cents)</b>                     |      |   |   |  |
| <b>Net profit per share</b>                           |      |   |   |  |
| Basic   |      | 302.1                                     | 210.4                                     | 458.2  |
| Diluted   |      | 294.0                                     | 205.9                                     | 447.2  |
| <b>Headline earnings per share</b>                    |      |   |   |  |
| Basic   |      | 283.1                                     | 202.6                                     | 452.4  |
| Diluted   |      | 275.5                                     | 198.3                                     | 441.5  |
| <b>Dividend per share (cents)</b>                     |      | <b>200.0</b>                              | 120.0                                     | 400.0  |
| <b>Currency conversion</b>                            |      |   |   |  |
| 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

| Rmillion                       | Unaudited<br>Half-year<br>30 June<br>2006 | Unaudited<br>Half-year<br>30 June<br>2005 | Audited<br>Year ended<br>31 December<br>2005 |
|--------------------------------|---|---|--|
| <b>REVENUE</b>                 |   |   |  |
| African Products               | 614                                       | 616                                       | 1 293  |
| Hulett Aluminium (50%)         | 1 203                                     | 1 005                                     | 2 081  |
| Moreland                       | 285                                       | 186                                       | 459  |
| Tonga-at-Hulett Sugar          | 1 370                                     | 1 284                                     | 3 093  |
| <b>Group total</b>             | <b>3 472</b>                              | <b>3 091</b>                              | <b>6 926</b>                                 |
| <b>OPERATING PROFIT</b>        |   |   |  |
| African Products               | 43  | 31  | 112  |
| Hulett Aluminium (50%)         | 95  | 90  | 159  |
| Moreland                       | 117                                       | 77  | 231  |
| Tonga-at-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  |
| <b>Group total</b>             | <b>470</b>                                | <b>319</b>                                | <b>730</b>                                   |

### Balance Sheet

| Rmillion                            | Unaudited<br>Half-year<br>30 June<br>2006 | Unaudited<br>Half-year<br>30 June<br>2005 | Audited<br>Year ended<br>31 December<br>2005 |
|-------------------------------------|---|---|--|
| <b>ASSETS</b>                       |   |   |  |
| <b>Non-current assets</b>           |   |   |  |
| 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   |
|                                     | <b>4 756</b>                              | 4 587                                     | 4 568  |
| <b>Current assets</b>               |   |   |  |
| 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  |
|                                     | <b>3 726</b>                              | 3 369                                     | 3 360  |
| <b>TOTAL ASSETS</b>                 | <b>8 482</b>                              | 7 956                                     | 7 928  |
| <b>EQUITY AND LIABILITIES</b>       |   |   |  |
| <b>Capital and reserves</b>         |   |   |  |
| Share capital                       | 106                                       | 103                                       | 104  |
| Share premium                       | 902                                       | 789                                       | 821  |
| Retained income                     | 3 674                                     | 3 520                                     | 3 651  |
| Other reserves                      | 31  | 18  | 37   |
| <b>Shareholders' interest</b>       | <b>4 713</b>                              | 4 430                                     | 4 613  |
| Minority interest in subsidiaries   | 80  | 65  | 75   |
| <b>Equity</b>                       | <b>4 793</b>                              | 4 495                                     | 4 688  |
| <b>Non-current liabilities</b>      |   |   |  |
| Deferred tax                        | 980                                       | 862                                       | 936  |
| Long-term borrowings                | 106                                       | 244                                       | 138  |
| Provisions                          | 289                                       | 279                                       | 283  |
| <b>Current liabilities</b>          | <b>2 314</b>                              | 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   |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>8 482</b>                              | 7 956                                     | 7 928  |
| <b>Number of shares (000)</b>       |   |   |  |
| – 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                                      |
| <b>Debt to equity</b>               | <b>20.9%</b>                              | 27.4%                                     | 17.9%  |
| <b>Net debt to equity</b>           | <b>7.6%</b>                               | 11.5%                                     | 6.7%   |

### Cash Flow Statement

| Rmillion   | Unaudited<br>Half-year<br>30 June<br>2006 | Unaudited<br>Half-year<br>30 June<br>2005 | Audited<br>Year ended<br>31 December<br>2005 |
|--|---|---|--|
| 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)  |
| <b>Cash flow from operating activities</b>                     | <b>330</b>                                | 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 crop disposals   | 1   | 0   | 5  |
| Proceeds on disposal of property, plant and equipment          | 22  | 23  | 42   |
| Investments  | (5)                                       | (59)                                      | (72)   |
| <b>Net cash flow before dividends and financing activities</b> | <b>136</b>                                | 134                                       | 454  |
| Dividends paid   | (294)                                     | (123)                                     | (247)  |
| <b>Net cash flow before financing activities</b>               | <b>(158)</b>                              | 11  | 207  |
| Borrowings raised/(repaid)                                     | 144                                       | (158)                                     | (558)  |
| Hedges of foreign loans  | (5)                                       | (9)                                       | (2)  |
| Shares issued  | 83  | 31  | 62   |
| <b>Net increase/(decrease) in cash resources</b>               | <b>64</b>                                 | (125)                                     | (291)  |
| Cash resources at beginning of period                          | 526                                       | 803                                       | 803  |
| Exchange rate translation gain                                 | 46  | 39  | 14   |
| <b>Cash resources at end of period</b>                         | <b>636</b>                                | 717                                       | 526  |

### Statement of Changes in Equity

| Rmillion  | Unaudited<br>Half-year<br>30 June<br>2006 | Unaudited<br>Half-year<br>30 June<br>2005 | Audited<br>Year ended<br>31 December<br>2005 |
|---|---|---|--|
| Balance at beginning of period                                      | 4 613                                     | 4 347                                     | 4 347  |
| Accounting for fair value hedges as<br>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<br>translation reserve    | (1)                                       | (7)                                       | (7)  |
| Foreign currency translation  | 15  | (19)                                      | (31)   |
| <b>Shareholders' interest</b>                                       | <b>4 713</b>                              | <b>4 430</b>                              | <b>4 613</b>                                 |
| 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)  |
| <b>Equity</b>   | <b>4 793</b>                              | <b>4 495</b>                              | <b>4 688</b>                                 |



## Notes

| Rmillion   | Unaudited<br>Half-year<br>30 June<br>2006 | Unaudited<br>Half-year<br>30 June<br>2005 | Audited<br>Year ended<br>31 December<br>2005 |
|--|---|---|--|
| <b>1. Operating profit</b>   |   |   |  |
| Operating profit includes results of operations, Triangle dividends, restructure costs, valuation adjustments and exceptional items.   |   |   |  |
| <b>2. Net financing costs</b>  |   |   |  |
| Interest paid  | (56)                                      | (72)                                      | (131)  |
| Financial instrument income  | 19  | 16  | 33   |
| Interest received  | 18  | 21  | 38   |
|  | <u>(19)</u>                               | <u>(35)</u>                               | <u>(60)</u>                                  |
| <b>3. Tax</b>  |   |   |  |
| Normal   | (38)                                      | (29)                                      | (51)   |
| Deferred   | (56)                                      | (43)                                      | (113)  |
| Rate change adjustment (deferred)  | 0   | 28  | 28   |
| Secondary tax on companies   | (37)                                      | (11)                                      | (26)   |
|  | <u>(131)</u>                              | <u>(55)</u>                               | <u>(162)</u>                                 |
| <b>4. Headline earnings</b>  |   |   |  |
| Profit attributable to shareholders  | 317                                       | 216                                       | 472  |
| Less after tax effect of surplus on sale of fixed assets   | (20)                                      | (8)                                       | (6)  |
|  | <u>297</u>                                | <u>208</u>                                | <u>466</u>                                   |
| <b>5. Capital expenditure commitments</b>  |   |   |  |
| Contracted   | 115                                       | 64  | 112  |
| Approved but not contracted  | 199                                       | 150                                       | 187  |
|  | <u>314</u>                                | <u>214</u>                                | <u>299</u>                                   |
| <b>6. Operating lease commitments</b>  |   |   |  |
|  | <u>34</u>                                 | <u>31</u>                                 | <u>39</u>                                    |
| <b>7. Guarantees and contingent liabilities</b>  |   |   |  |
|  | <u>51</u>                                 | <u>48</u>                                 | <u>44</u>                                    |
| <b>8. Trade and other payables</b>   |   |   |  |
| 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).   |   |   |  |
| <b>9. Basis of preparation</b>   |   |   |  |
| 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. |   |   |  |

**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