Tongaat Hulett

INTERIM RESULTS

for the half-year ended 30 June 2007

Condensed consolidated Rmillion	Note	Unaudited half-year 30 June 2007	Unaudited half-year 30 June 2006 Restated	Audited year ended 31 December 2006 Restated
INCOME STATEMENT				
Revenue - continuing operations		**2 434**	2 269	5 110
Profit from Tongaat Hulett operations		**308**	307	726
BEE IFRS 2 charge and transaction costs	1	**(354)**		
Exchange rate translation gain		**3**	46	57
Exceptional items		**5**	22	26
Fair value adjustment of investment in Hulamin	2	**3 348**		
Operating profit after corporate transactions		**3 310**	375	809
Share of associate company's loss				(4)
Net financing costs	3	**(37)**	15	88
Profit before tax		**3 273**	390	893
Tax	4	**(106)**	(113)	(238)
Net profit after tax		**3 167**	277	655
Discontinued operation				
Hulamin (50%)		**42**	43	69
Net profit for the period		**3 209**	320	724
Attributable to:				
Shareholders		**3 198**	317	723
Minority interest		**11**	3	1
		3 209	320	724
Headline (loss)/earnings attributable to shareholders	5	**(155)**	297	703
Earnings per share (cents)				
Net profit per share				
Basic		**2 993,9**	302,1	685,3
Diluted		**2 935,0**	294,0	667,8
Headline (loss)/earnings per share				
Basic		**(145,1)**	283,1	666,4
Diluted		**(142,3)**	275,5	649,4
Dividend per share (cents)		**150,0**	200,0	550,0
Currency conversion				
Rand/US dollar average		**7,16**	6,31	6,77
Rand/US dollar closing		**7,05**	7,15	7,00
Rand/GB pound closing		**14,14**	13,21	13,73

SEGMENTAL ANALYSIS

REVENUE			
Tongaat Hulett Starch	**751**	614	1 316
Tongaat Hulett Developments	**205**	285	598
Tongaat Hulett Sugar	**1 478**	1 370	3 196
Continuing operations	**2 434**	2 269	5 110
Discontinued operation			
Hulamin (50%)	**1 648**	1 203	2 738
Total revenue	**4 082**	3 472	7 848
PROFIT FROM TONGAAT HULETT OPERATIONS			
Tongaat Hulett Starch	**37**	43	96
Tongaat Hulett Developments	**127**	117	325
Tongaat Hulett Sugar	**167**	159	295
Triangle dividend		8	61
Centrally accounted costs	**(23)**	(20)	(51)
Profit from Tongaat Hulett operations	**308**	307	726

Condensed consolidated Rmillion	Unaudited half-year 30 June 2007	Unaudited half-year 30 June 2006	Audited year ended 31 December 2006
CASH FLOW STATEMENT			
Operating profit after corporate transactions	**3 310**	470	1 020
Net financing costs	**(37)**	(19)	(23)
Profit on disposal of property, plant and equipment	**(6)**	(22)	(45)
Non-cash items:			
Depreciation	**106**	131	272
Other non-cash items	**(3 084)**	(105)	(59)
Tax payments	**(108)**	(97)	(152)
Change in working capital	**39**	(28)	(407)
Cash flow from operating activities	**220**	330	606
Expenditure on property, plant and equipment:			
New	**(134)**	(98)	(281)
Replacement	**(141)**	(74)	(163)
Major plant overhaul costs capitalised	**(40)**	(39)	(38)
Expenditure on intangible assets		(1)	(3)
Growing crop disposals		1	7
Proceeds on disposal of property, plant and equipment	**6**	22	78
Investments	**(9)**	(5)	(257)
Net cash flow before dividends and financing activities	**(98)**	136	(51)
Dividends paid	**(389)**	(294)	(506)
Net cash flow before financing activities	**(487)**	(158)	(557)
Borrowings raised	**602**	144	358
Hedges of foreign loans		(5)	19
Shares issued	**48**	83	106
Settlement of share-based payment awards	**(87)**		
Share issue expenses	**(9)**		
Net increase/(decrease) in cash and cash equivalents	**67**	64	(74)
Balance at beginning of period	**509**	526	526
Adjustment to opening balance on unbundling of Hulamin	**(347)**		
Exchange rate translation gain	**3**	46	57
Cash and cash equivalents at end of period	**232**	636	509

CORPORATE INFORMATION

Tongaat Hulett Limited
(formerly The Tongaat-Hulett Group Limited)
Registration No: 1892/000610/06 JSE share code: TON ISIN: ZAE000096541

Directorate: C M L Savage (Chairman), P H Staude (Chief Executive Officer)*, P M Baum, I Botha, E le R Bradley, B G Dunlop*, J John, J B Magwaza, M Mia, M H Munro*, T H Nyasulu, C B Sibisi, R H J Stevens
* Executive directors

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

- **Profit from Tongaat Hulett operations of R308 million (2006: R307 million)**
- **Once-off corporate structuring costs of R354 million**
- **Total net profit of R3,209 billion – includes valuation of Hulamin prior to unbundling**
- **Headline loss of R155 million (2006: R297 million headline profit)**
- **Interim dividend of 150 cents per share (2006: 200 cents per share)**

COMMENTARY

The Tongaat-Hulett Group has unbundled its shareholding in Hulamin to its shareholders following the listing of Hulamin on the JSE. Two focussed, separately listed entities have been established in the form of Tongaat Hulett and Hulamin. Tongaat Hulett is an agri-processing business, which includes integrated components of land management, property development and agriculture. Hulamin is an independent niche producer of rolled, extruded and other semi-fabricated aluminium products.

Pursuant to the listing and unbundling of Hulamin at the end of June 2007, Tongaat Hulett's 50% share in Hulamin was valued through the income statement by R3,348 billion and thereafter unbundled as a distribution in specie. Hulamin's net profit (which does not include the investment fair valuation) for the period up to the unbundling is reflected as a discontinued operation.

The corporate transactions being undertaken by Tongaat Hulett include a 25% BEE equity participation and a return of capital to shareholders by way of a share buy-back. All the transactions were approved by shareholders with a 99% vote in favour at a general meeting held on 11 June 2007, where 84% of shareholders were represented. The 18% strategic partner, cane and infrastructure BEE equity participation cost was measured and recognised at the grant date in June 2007, resulting in a once-off IFRS 2 cost of R320 million being charged to the income statement. Advisory and other transaction related costs of R34 million have also been brought to account. The share buy-back, totalling R506 million including STC and implemented in July 2007, will be accounted for in the second half of 2007. The IFRS 2 costs relating to the 7% BEE employee transaction will be amortised over 5 years, commencing in the second half of 2007 with a cost of approximately R15 million in that period.

Net finance costs increased to R37 million (2006: R15 million income) as a result of higher interest rates and the non-recurrence of financial instrument income received in 2006 on the Hulamin finance structure.

Profit from Tongaat Hulett operations in the first six months of the year was R308 million (2006: R307 million).

Tongaat Hulett's total net profit for the six months to 30 June 2007 is R3,209 billion (2006: R320 million). Headline earnings, which exclude the Hulamin fair valuation and include the transaction costs and BEE IFRS 2 costs, reflect a headline loss of R155 million (2006: R297 million headline profit) for the half-year.

Profit from sugar operations was R167 million (2006: R159 million excluding dividends from Triangle in Zimbabwe). The 2006 crop in South Africa was the second lowest in the past 10 years, with the resultant increased cost per ton of sugar and the lower export stocks carried forward into the first half of 2007. Raw sugar export volumes from South Africa reduced to 84 079 tons (2006: 162 301 tons) and were sold at an effective world sugar price of 14,4 US c/lb (2006: 11,1 US c/lb). South African domestic sales were 209 765 tons (2006: 209 311 tons). Improved contributions were achieved from non-South African operations including the consolidation of Xinavane in Mozambique. No dividends from Triangle in Zimbabwe were brought to account in the first half of 2007 (2006: R8 million). A dividend equivalent to 8 million US dollars has been declared by Triangle and approved by the Zimbabwe Reserve Bank, which is expected to be brought to account in the second half of 2007.

Total sugar production in 2007 is forecast at 1,327 million tons, an increase of 24% compared to the 1,067 million tons produced in 2006. Production in South Africa is estimated at 704 000 tons (2006: 666 000 tons). In Swaziland, Tambankulu Estates is expected to produce the raw sugar equivalent of 54 000 tons (2006: 55 000 tons). In Zimbabwe, sugar production is expected to increase to 442 000 tons (including 201 000 tons at Hippo Valley) from the 240 000 tons produced by Triangle in 2006. In Mozambique, sugar production at Xinavane is expected to increase to 77 000 tons (2006: 65 000 tons) with Mafambisse increasing to 50 000 tons (2006: 41 000 tons). New cane expansion and procurement initiatives continue across all the regions. The Mozambique expansion projects at Xinavane and Mafambisse are progressing well.

Profit from starch operations reduced to R37 million (2006: R43 million) as margins remained under pressure from high domestic maize prices. Poor weather conditions during the South African summer rainfall period resulted in local maize prices increasing to import parity levels. Improved local co-product selling prices partially reduced the impact of the increase in maize prices. Domestic sales volumes of starch based products grew by 6,7% with strong demand seen in the alcoholic beverages and confectionery sectors. Local maize prices are expected to remain at import parity levels for the remainder of 2007 given the current supply and demand balance. International maize prices have increased by 70% since the fourth quarter of 2006, driven by increased demand for biofuels. They are likely to remain at relatively high levels, supporting an increase in planting in South Africa for the 2007/2008 season. This should result in domestic maize prices moving below import parity levels. International starch margins have started to improve after coming under pressure during the latter part of 2006 and early 2007 as a result of the sharp increases in the international maize price.

Profit from land and property developments of R127 million (2006: R117 million) was achieved from restricted levels of zoned stock. Progress is being made on securing development approvals at Umhlanga Ridgeside, Sibaya Resort at Umdloti, Zimbali Lakes, Assagay Valley residential area at Shongweni, further phases of Izinga and Umhlanga Ridge Town Centre residential precincts at Umhlanga Ridge. Significant contributions in the first half of 2007 came from RiverHorse Valley Business Estate, Bridge City, Umhlanga Ridge Town Centre, Zimbali Coastal Resort, Izinga Ridge and Kindlewood. Demand across all portfolios remains strong and the shortage of stock of zoned and serviced sites throughout the region, as a result of ongoing delays in obtaining development approvals, is contributing to higher prices.

The Board has declared an interim dividend for the half-year of 150 cents per share (2006: 200 cents per share).

OUTLOOK

Headline earnings for 2007 will include the significant effects of the once-off costs of the corporate transactions, as reported for the half-year to 30 June 2007 and as indicated in the circular to shareholders dated 18 May 2007.

Profit from Tongaat Hulett operations in the second half of the year is expected to exceed that achieved in the first half of 2007. Real growth in profit from operations is expected for the full 2007 year.

For and on behalf of the Board

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

Amanzimnyama,
Tongaat, KwaZulu-Natal 27 July 2007

DIVIDEND DECLARATION

Notice is hereby given that the Board has declared an interim dividend (number 160) of 150 cents per share for the half-year ended 30 June 2007 to shareholders recorded in the register at the close of business on Friday 24 August 2007.

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

Last date to trade ordinary shares "CUM" dividend	Friday	17 August 2007
Ordinary shares trade "EX" dividend	Monday	20 August 2007
Record date	Friday	24 August 2007
Payment date	Thursday	30 August 2007

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 20 August 2007 and Friday 24 August 2007, 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 17 August 2007.

For and on behalf of the Board

M M L Mokoka
Company Secretary

Amanzimnyama,
Tongaat, KwaZulu-Natal 27 July 2007

Condensed consolidated Rmillion	Unaudited half-year 30 June 2007	Unaudited half-year 30 June 2006	Audited year ended 31 December 2006
BALANCE SHEET			
ASSETS			
Non-current assets			
Property, plant and equipment	**2 847**	4 185	4 270
Growing crops	**380**	263	212
Long-term receivable	**203**	203	203
Goodwill	**42**	22	21
Intangible assets	**2**	13	14
Investments	**267**	70	320
	3 741	4 756	5 040
Current assets	**2 787**	3 726	4 016
Inventories	**972**	1 279	1 595
Trade and other receivables	**1 575**	1 767	1 879
Derivative instruments	**8**	44	33
Cash and cash equivalents	**232**	636	509
TOTAL ASSETS	**6 528**	8 482	9 056
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**108**	106	107
Share premium	**978**	902	932
Retained income	**1 654**	3 674	3 868
Other reserves	**315**	31	50
Shareholders' interest	**3 055**	4 713	4 957
Minority interest in subsidiaries	**187**	80	76
Equity	**3 242**	4 793	5 033
Non-current liabilities	**967**	1 375	1 401
Deferred tax	**606**	980	1 055
Long-term borrowings	**109**	106	49
Provisions	**252**	289	297
Current liabilities	**2 319**	2 314	2 622
Trade and other payables (note 9)	**1 150**	1 326	1 388
Short-term borrowings	**1 118**	895	1 174
Derivative instruments	**7**	71	16
Tax	**44**	22	44
TOTAL EQUITY AND LIABILITIES	**6 528**	8 482	9 056
Number of shares (000)			
- in issue	**107 789**	105 698	106 591
- weighted average (basic)	**106 816**	104 925	105 497
- weighted average (diluted)	**108 962**	107 818	108 261

STATEMENT OF CHANGES IN EQUITY

Balance at beginning of period	**4 957**	4 613	4 613
Net profit	**3 198**	317	723
Dividends paid	**(373)**	(294)	(506)
Share capital issued	**48**	83	106
Share issue expenses	**(9)**		
Share-based payment reserve	**364**	10	22
Settlement of share-based payment awards	**(87)**		
Hedge reserve released to income statement	**(4)**	(9)	(9)
Gains/(losses) from cash flow hedges	**3**	(21)	8
Share of associate's movement in currency translation reserve		(1)	
Foreign currency translation	**2**	15	
Distribution in specie on unbundling of Hulamin	**(5 044)**		
Shareholders' interest	**3 055**	4 713	4 957
Minority interest in subsidiaries	**187**	80	76
Balance at beginning of period	**76**	75	75
Share of profit	**11**	3	1
Dividends paid to minorities	**(16)**		
Foreign currency translation	**3**	2	
Consolidation of subsidiaries	**132**		
Adjustment for Hulamin minority on unbundling	**(19)**		
Equity	**3 242**	4 793	5 033

NOTES

1. BEE IFRS 2 charge and transaction costs

A once-off R320 million IFRS 2 charge has been brought to account in respect of the facilitation of the 18% BEE equity participation transaction. Advisory and other transaction related costs of R34 million have been brought to account.

2. Hulamin unbundling and restatement of comparatives

Pursuant to the listing and unbundling of Hulamin at the end of June 2007, Tongaat Hulett's 50 percent investment in Hulamin was fair valued through profit or loss by R3 348 million and thereafter unbundled as a distribution in specie. Comparative figures in the profit or loss and segmental analysis have been restated to reflect Hulamin as a discontinued operation, as required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

3. Net financing costs			
Interest paid	**(90)**	(22)	(38)
Financial instrument income		19	104
Interest received	**53**	18	22
	(37)	15	88
4. Tax			
Normal	**(63)**	(38)	(85)
Deferred	**4**	(38)	(90)
Secondary tax on companies	**(47)**	(37)	(63)
	(106)	(113)	(238)
5. Headline earnings			
Profit attributable to shareholders	**3 198**	317	723
Less after tax effect of surplus on sale of fixed assets	**(5)**	(20)	(20)
Reversal of fair value adjustment of Hulamin	**(3 348)**		
	(155)	297	703
6. Capital expenditure commitments			
Contracted	**196**	115	169
Approved	**1 298**	199	640
	1 494	314	809
7. Operating lease commitments	**20**	34	45
8. Guarantees and contingent liabilities	**27**	51	79

9. Trade and other payables

Included in trade and other payables is the maize obligation (interest bearing) of R160 million (30 June 2006: R75 million and 31 December 2006: R130 million).

10. Basis of preparation

The condensed consolidated unaudited results for the half-year ended 30 June 2007 have been prepared in accordance with the accounting policies which fully comply with International Financial Reporting Standards and are consistent with the audited annual financial statements at 31 December 2006. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. Tongaat Hulett continues to account for its Zimbabwean operations, including Triangle Sugar and Hippo Valley Estates, on a dividend received basis.