



Tongaat Hulett

NOVEMBER 2011

Tongaat Hulett

- > 42 000 Employees
- Operations in 6 countries in SADC
- Sugar - 14 operations
- Maize/corn - 6 operations
- 359 000 hectares supplying starch and sugar operations
- 8 600 developable hectares positioned for property development
- Expectation of renewable energy
- Animal Feeds





FINANCIAL RESULTS

FOR THE 6 MONTHS ENDED

30 SEPTEMBER 2011

Tongaat Hulett Earnings

R million	6 months to 30 Sept 2011	6 months to 30 Sept 2010	% Increase
Revenue	6 027	4 724	+28%
Profit from Operations	1 047	963	+9%
<ul style="list-style-type: none"> Excluding prior year Pension Fund ESA gain 			+26%
Total Net Profit	597	552	+8%
Headline Earnings	501	507	-1%
<ul style="list-style-type: none"> Minority interest: higher profit in the Mozambique mills and Hippo Valley 			
Interim Dividend	120 cps	110 cps	+9%

Tongaat Hulett	Profit from Operations		Revenue	
R million	6 months to 30 Sept 2011	6 months to 30 Sept 2010	6 months to 30 Sept 2011	6 months to 30 Sept 2010
Sugar operations				
Zimbabwe	364	303	1 179	734
Swaziland	30	19	117	108
Mozambique	267	163	1 082	489
SA agriculture, milling and refining	54	47	1 353	1 267
Downstream value added activities	142	136	994	842
Starch operations	167	125	1 210	1 185
Land conversion and developments	62	97	92	99
Centrally accounted and consolidation items	(39)	73	-	-
	1 047	963	6 027	4 724

Mozambique Sugar Operations

- Profit from operations: H1 - 2011/12: R267 million (Metical 1 096 million)
H1 - 2010/11: R163 million (Metical 739 million)
- Higher production and sales volumes
- Standing cane value reported in 2010/11 year → converted to sugar and sold in 2011/12
 - Operating cash flow increased by R427 million over previous half-year
- Growing crop increases in H1 - 2010/11 not repeated in H1 - 2011/12
- Local sugar prices - in line with regional pricing
- Export proceeds: positively impacted by higher Euro prices



Zimbabwe Sugar Operations

- Profit from operations: H1 - 2011/12: R364 million (US\$ 52 million)
H1 - 2010/11: R303 million (US\$ 41 million)
- US\$ operating profit up 27%
- Increased H1 sugar production – particularly at Hippo Valley
- Extent of harvesting in H1 —→ less standing cane value than last year H1
- Operating cash flow improved by R224 million versus last year H1
- Increased local market and export sales
- Export proceeds: positively impacted by US\$/Euro exchange rate and higher Euro prices

South African Sugar: Agriculture, Milling and Refining

- Profit from operations: R54 million (H1 - 2010/11: R47 million)
- Unusually large gap between hectares under cane and hectares milled
- Lower tonnage available for export from SA Industry
- Revenue driven from local market: price increases in line with cost increases
- Share of Industry production expected to increase from 23% to 26%



Downstream and Sugar Value Added Activities

- Profit from operations: R142 million (H1 - 2010/11: R136 million)

Generated from

- Botswana and Namibia sugar packing and distribution
- Voermol animal feeds - lower volumes (pith availability, high winter rainfall and less on-farm feeding)
- Refined exports from South Africa - Rand strength in H1 - 2011/12
- South African domestic marketing sales and distribution - Hulett's brand

Swaziland - Tambankulu Estate

- Profit from operations R30 million (H1 - 2010/11: R19 million)
- Revenue positively impacted by the Rand/Euro exchange rate
- EU export realisations and local market prices higher than last season
- Higher cane yields per hectare

Starch Operations

- Profit from operations: R167 million (H1 - 2010/11: R125 million)
- Improvement in starch and glucose processing margins
 - Improved co-product recoveries
 - Local maize costs contracted below Chicago (CBOT) prices
- Starch and glucose volumes grew by 0,5% compared to 2010/11
 - Growth in pharmaceutical, paper making and alcoholic beverage sectors
 - Losses in yeast fermentation and coffee creamer sectors



Land Conversion and Development

- 8 600 developable hectares available in South Africa
- Opportunistic offers for some semi-bulk land sales turned down
 - Did not meet Tongaat Hulett's value criteria
- Revenue in H1 generated from 13 developable hectares sold
 - Umhlanga Ridge Town Centre, Zimbali and Izinga
- Financial results for the half-year to 30 September 2011
 - Profit from operations: R62 million (H1 - 2010/11: R97 million)
 - Capital profit: R3 million (H1 - 2010/11: R4 million)



Cash Flow

	6 months to 30 Sep 2011	6 months to 30 Sep 2010
<ul style="list-style-type: none"> Operating cash flow 	+ R1,555 billion	+ R929 million
<ul style="list-style-type: none"> Working capital <ul style="list-style-type: none"> Half year is a high absorption point in the sugar season 	- R1,044 billion	- R956 million
<ul style="list-style-type: none"> Capital <ul style="list-style-type: none"> Expenditure on plant and equipment <ul style="list-style-type: none"> Including off-crop major plant overhaul costs 6 months to September 2009: - R611 million Root planting expenditure 	- R359 million - R211 million	- R383 million - R175 million
<ul style="list-style-type: none"> Tongaat Hulett net debt <ul style="list-style-type: none"> Process well underway to convert short-term debt to long-term debt 	R4,3 billion	R3,7 billion



Tongaat Hulett Operations

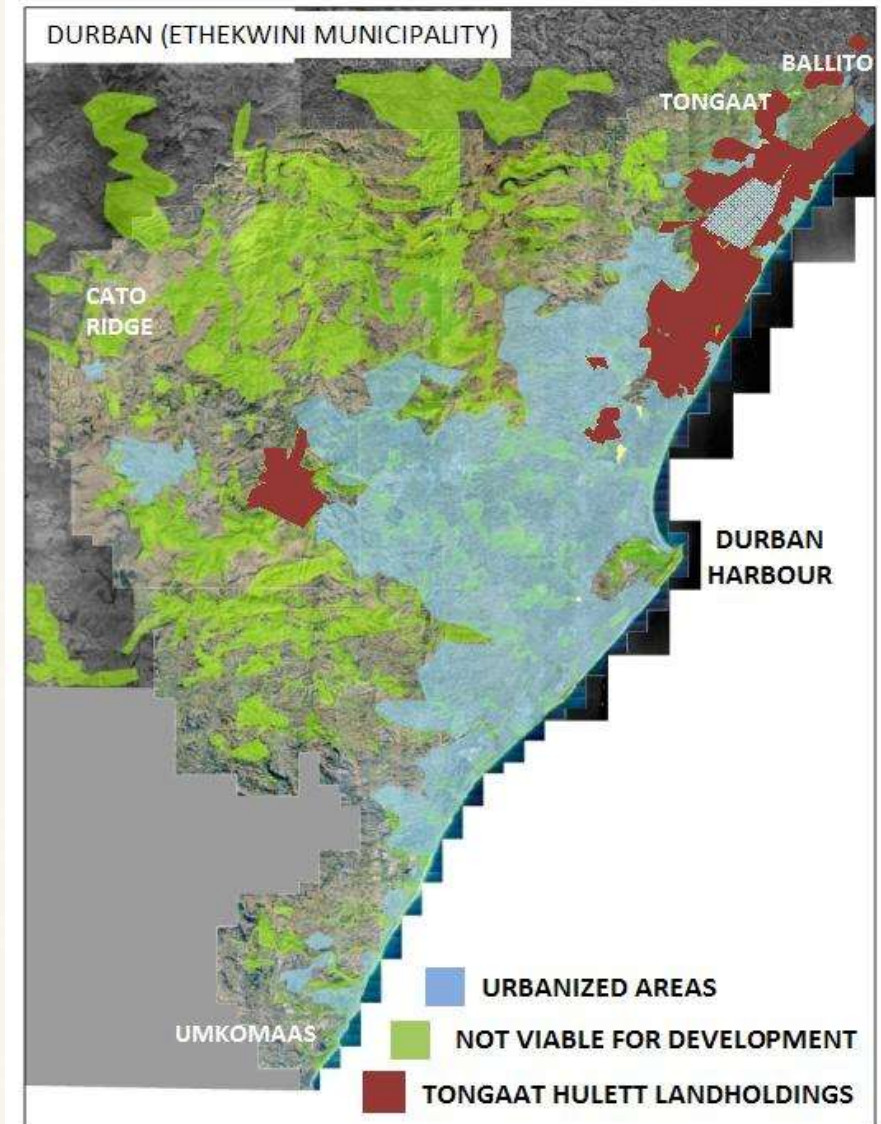
Value Creation from Land Use Conversion

Hectares positioned for development in South Africa

- Gross hectares: 13 639
- Developable hectares: 8 600

■ Land available around Durban for development

- North 7 768 gross (4 900 developable)
- West 2 047 gross (975 developable)



Eight Active TH Land Developments

- Umhlanga Ridge Town Centre, Ridgeside, Kindlewood / Izinga, Zimbali, Zimbali Lakes, Bridge City, Mount Moriah and Riverhorse Valley
- 348 developable hectares still to sell
 - Projected net cash inflow R2,19 billion# (R6,3 million per developable hectare)
- To date sold 360 developable hectares
 - Net cash inflow R1,76 billion# (R4,9 million per developable hectare)
- Major components of 348 developable hectares

- Umhlanga Ridge Town Centre

	Developable hectares	Net cash inflow	
		R million	Per dev. ha
To date	120	565	4,7
To come	23	318	13,8

- Ridgeside

	Developable hectares	Net cash inflow	
		R million	Per dev. ha
To date	42	443	10,5
To come	62	935	15,1

- Kindlewood / Izinga

	Developable hectares	Net cash inflow	
		R million	Per dev. ha
To date	31	103	3,3
To come	197	701	3,6

Money of today

Umhlanga Ridge Town Centre

- Exhibits typical development profile
 - Early anchor uses
 - Infrastructure front loaded
 - Early sales / establish brand
 - Node established
 - Land scarcity
 - Increase density

	Gateway	Phase 1	Phase 2	To come
Developable hectares	28	44	47	23
Net cash profit	64	98	403	318
Net cash profit per ha #	2,3 million	2,2 million	8,6 million	13,8 million

Money of today

Cornubia and Sibaya

Cornubia South

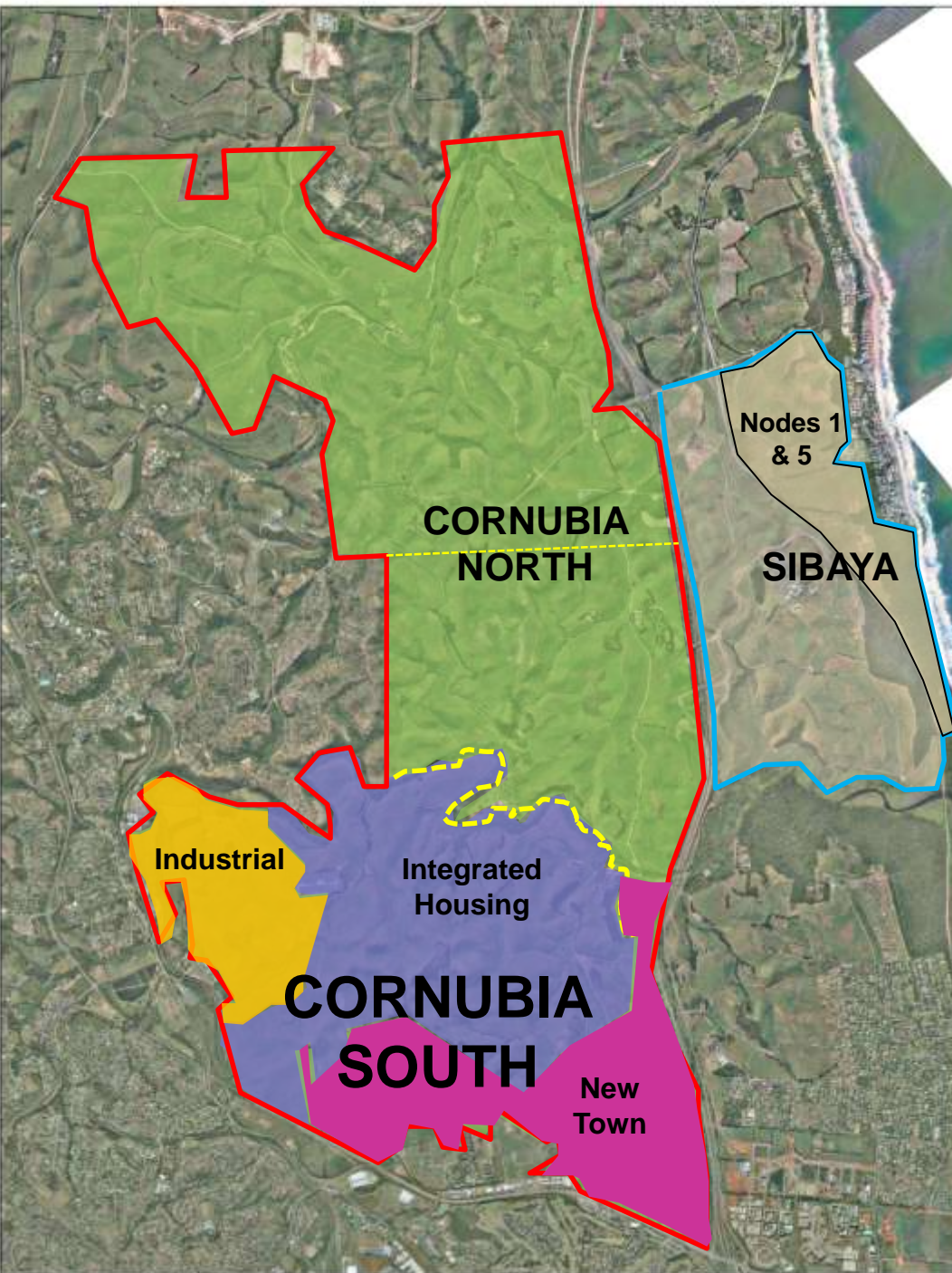
- **Integrated Housing (eThekweni)** 
 - 369 developable hectares (667 gross)
- **Industrial** 
 - 104 developable hectares (133 gross)
 - Sale process to optimise value
- **New Town** 
 - 278 developable hectares (382 gross)
 - Bulk offers turned down

Cornubia North

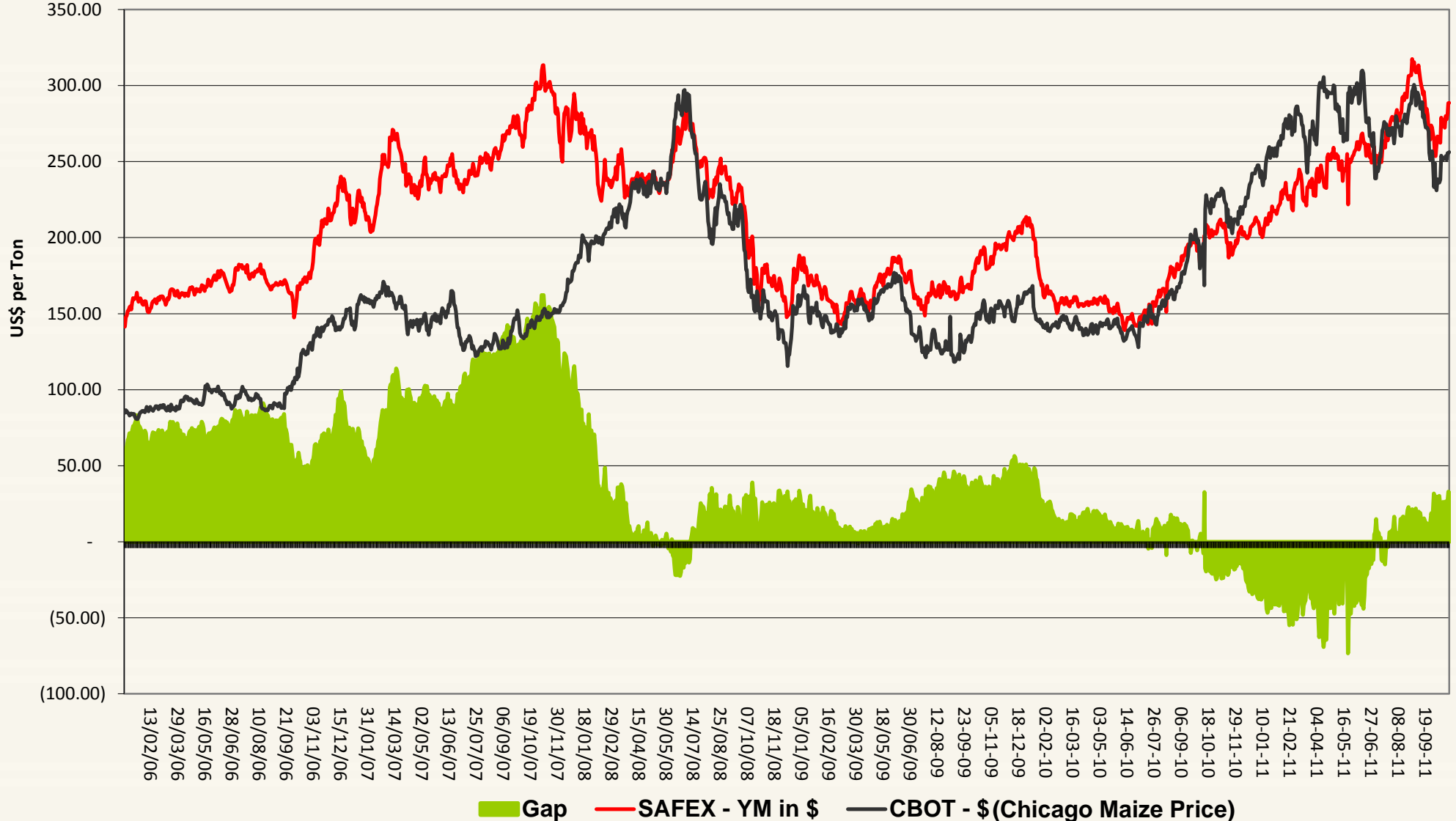
- > 800 developable hectares (> 1 200 gross)

Sibaya

- **Nodes 1 and 5**
 - 125 developable hectares (231 gross)
 - Final stages of own development evaluation
 - Bulk sale



Starch Operations - Competitive SA Maize



Starch Operations - Maize Dynamics

South African Maize Crop	2008/09	2009/10	2010/11	Forecast 2011/12
Production (million tons)	12,05	12,82	10,61	12,13



- **End of season maize stocks**
 - May 2011 - 2,2 million tons
 - May 2012 - ?
- **Tongaat Hulett uses 630 000 tons per annum**
 - Formula based customers 205 000 tons per annum
 - Significant quantities of maize secured below CBOT



Starch - Operational Improvements

- Targets established against international competitors
- Capacity utilisation projects
 - EBIT benefit > R60 million for far away exports
 - Growth into selected African markets targeted
- H1 cost reduction of R15 million
 - Utilities, yields and co-product separation efficiency
 - Further benefits - R10 million per half year targeted



Key Focus Areas - Sugar Operations

- Optimise revenue out of every ton of sugar cane
- Facilitate increased cane supply to its mills so as to fully utilise its existing installed milling capacity of some 2 million tons of sugar
- Reduce costs to produce sugar throughout the value chain
- Evolve next expansion opportunities
 - South Africa - power generation
 - Brownfield before Greenfield



Good Progress in Increasing Cane Supply

- Getting the basics right on a sustainable basis
- Continue to set “ambitious” short-term targets
- Natural time lag before some of the actions lead to more sugar production



Zimbabwe - Sugar Production

	Actual 2010/11	May 2011/12 Estimate ^		November 2011/12 Estimate	Plan 2014/15
Total hectares under cane as at 1 April (beg. Season)	37 815	39 525		39 525	46 348@
Total hectares milled	33 737*	35 796		35 484	43 836#
Cane yield (tcphm)	76,03*	84,87	87,05	84,20	101,78#
Total cane crush (tons)	2 684 516	3 038 000	3 116 000	2 987 858	4 461 558#
Cane to sugar ratio	8,07	8,44	8,20	8,19	8,00#
Sugar production (tons)	333 021	360 000	380 000	365 000	557 695



* Excludes 119 425 tons cane received from Chisumbanje Estate

Latest view 2014/15

@ Location of additional 1 296 hectares still to be decided

^ Information presented at the May 2011 results presentation

tcphm – tons cane per hectare milled



Zimbabwe - Private Farmers

- **15 880 hectares**
 - 2011/12 season will produce 488 000 tons cane
 - Potential to increase to > 1,4 million tons in the 2014/15 season
- **Funding**
 - EU funding for replanting of 1 200 hectares
 - BancABC 4-year revolving US\$ 20 - 30 million financing scheme
 - Tongaat Hulett US\$ 3 million initial funding

End of October 2011 - 3 176 new and replant hectares*

EU funded Caneland Trust	805 hectares
Private farmer replant	1 067 hectares
SusCo project	1 304 hectares

* Sugar produced from Private Farmers cane is expected to increase by 35 000 tons in the 2012/13 season

Mozambique - Sugar Production

	Actual 2010/11	May 2011/12 Estimate ^		November 2011/12 Estimate	Plan 2014/15
Total hectares under cane as at 1 April (beg. Season)	25 272	26 649		26 649	28 243
Total hectares milled	21 800	24 637		24 572	26 848
Cane yield (tcphm)	72,89	85,63	89,22	80,95	93,59*
Total cane crush (tons)	1 588 872	2 109 500	2 198 000	1 989 098	2 512 630
Cane to Sugar ratio	9,67	8,44	8,14	8,30	8,02
Sugar production (tons)	164 336#	250 000	270 000	239 665	313 325



^ Information presented at the May 2011 results presentation

* Includes Mafambisse Home Estate @ 68,68 tcphm

Final Industry number, previously 165 744

tcphm – tons cane per hectare milled

Mozambique - Going Forward

- Grow sugar production 30% by 2014/15 season
- 2012/13 season
 - Additional 805 hectares to be harvested
 - Improvement in yields
 - Better cane to sugar ratio
- Reduce unit costs of production



Cane Ownership Mix

Supply of Cane to Tongaat Hulett South Africa Sugar Mills

SA Cane Supply Hectares Under Cane	Actual on 1 April 2010	Actual on 1 April 2011	Estimate 1 April 2012	Plan 1 April 2014	% Change from 2010 to 2014
Tongaat Hulett owned	7 745	7 745	7 855	7 468	- 4%
Tongaat Hulett leased/co - managed	7 090	11 114	13 249	30 367	+ 328%
Tongaat Hulett supported - small scale farmers	21 996	25 610	28 925	36 342	+ 65%
Commercial and Medium Scale	87 076	85 044	87 507	85 082	- 2%
Total	123 907	129 513	137 536	159 259	+ 29%
Net growth in area (hectares)	4 090	5 606	8 023	21 723	

New Plantings - South Africa

Season	2009/10 ^	2010/11 ^	Target for 2011/12 ^
Small scale farmers (hectares)	1 636	3 689	3 713
Commercial and medium scale farmers (hectares)	630	371	340
Tongaat Hulett leased land (hectares)	1 824	1 546	3 970
Total	4 090	5 606	8 023#



^ Information presented at the May 2011 results presentation

Planting period from October 2011 to March 2012, with cane to be milled in the 2013/14 season

South Africa - Increasing Cane Supply

SA Cane Milled & Sugar produced	Actual in 2010/11 Season	Estimate 2011/12 Season	Forecast for 2012/13 Season	Target 2014/15
Total hectares under cane as at 1 April (beg. Season)	123 907	129 513	137 536	159 259
% Hectares under cane milled	80,3%	76,3%	80,0%	85,0%
Hectares milled	99 443	98 767	110 794	135 370
Cane yield (tcphm)	38,13	45,56	To early	54,00
Cane tons '000	3 826	4 500	To early	7 310
Sugar production - raw (tons)	455 343	490 000	To early	850 000
Cane to Sugar ratio	8,40	9,18	To early	8,6

tcphm – tons cane per hectare milled

Yield Improvement - Commercial and Medium Scale Farmers

- Root age is fundamental to good yields
- Yields for old roots are significantly impacted by drought conditions
- To date 8 000 hectares identified where roots > 10 years old
- 2011/12 season: R21 million Tongaat Hulett commercial farmer root replacement funding scheme = fully subscribed
 - 3 000 hectares of old roots to be replaced





Additional Information

Ridgeside



Infrastructure

- M41 Interchange completed in December 2010
- Office park infrastructure complete
- Phase one and two of Precinct one infrastructure complete
- Major electrical sub station structure completed by Municipality
 - Commissioning March 2012

Top Structures

- One hotel and nine office buildings completed and occupied making up 43 800 m² of bulk
- Currently 9 office buildings under construction making up 26 823 m² of bulk
- Current interest in residential and further office sites



Umhlanga Ridge Town Centre



- 2 mixed use sites left to sell in Commercial phase
- Residential phase of 2 800 high density units commenced
- 2 high density residential sites sold to date
- Substantial progress on first developer's building
- Services installation virtually completed in the commercial phase
- Tender for civil services installation awarded to service sold sites in the residential phase

Izinga

- Medium to low density residential suburb
- Open suburb with cameras and visible street security patrols
- Appropriate indigenous landscaping
- 280 potential dwelling units to be developed in the current phase (phase 1)
- Sites sold to date 110 SR's and 2 PUD sites
- 84 sites transferred to date
- Currently 21 building contractors on site
- Tender for the balance of civil infrastructure for phase 1 has been awarded
- Environmental Authorization for Izinga future phases was granted in September 2010
- PDA application for Phase 2E has been submitted



Cornubia South



- Cabinet approved priority project
- Strong intergovernmental relations team led by eThekweni Municipality
- Strategic location within northern corridor
- Phase 1
 - EIA approved
 - Planning approval in progress
- Scarcity of industrial land in eThekweni - huge demand for Phase 1 industrial
- Demand for major destination retail node to be developed in New Town Centre

Kindlewood



- **573 units gated estate development**
- **Comprises**
 - **Special residential**
 - **Maisonette**
 - **Planned unit developments**
- **Phase 1 - sold out**
- **Phase 2 - 79% sold**
- **Launch of phase 3 being planned**
- **67 families living in the estate**
- **20 new structures under construction**



Bridge City



- **Successful PPP with eThekweni Municipality**
- **New mixed use, high density Town Centre and Business Park in a previously disadvantaged area/township**
- **Regional 500 bed public hospital**
 - **Piling and site services underway**
 - **Building construction to commence 2012**
- **48 000 m² shopping centre with rights to further phases acquired**

- **Regional Magistrates court building complete - opening January 2012**
- **Rail public transport: Station completed. Rail line construction commenced in September 2011 for opening early 2013**
- **Bus/taxi intermodal facility completed by Municipality to open early 2013**
- **Second Phase Lower Platform: 13 ha Business Park including warehouse retail and office sites available for sale from end 2011**

Sibaya: Nodes 1 and 5 (Bulk Sale Opportunity)



EIA approval for both Nodes received

Node 1

- Developable = 51 ha
- Zoning approval received
- Permission to sell during 2011

Node 5

- Developable = 65 ha
- Permission to sell during 2012

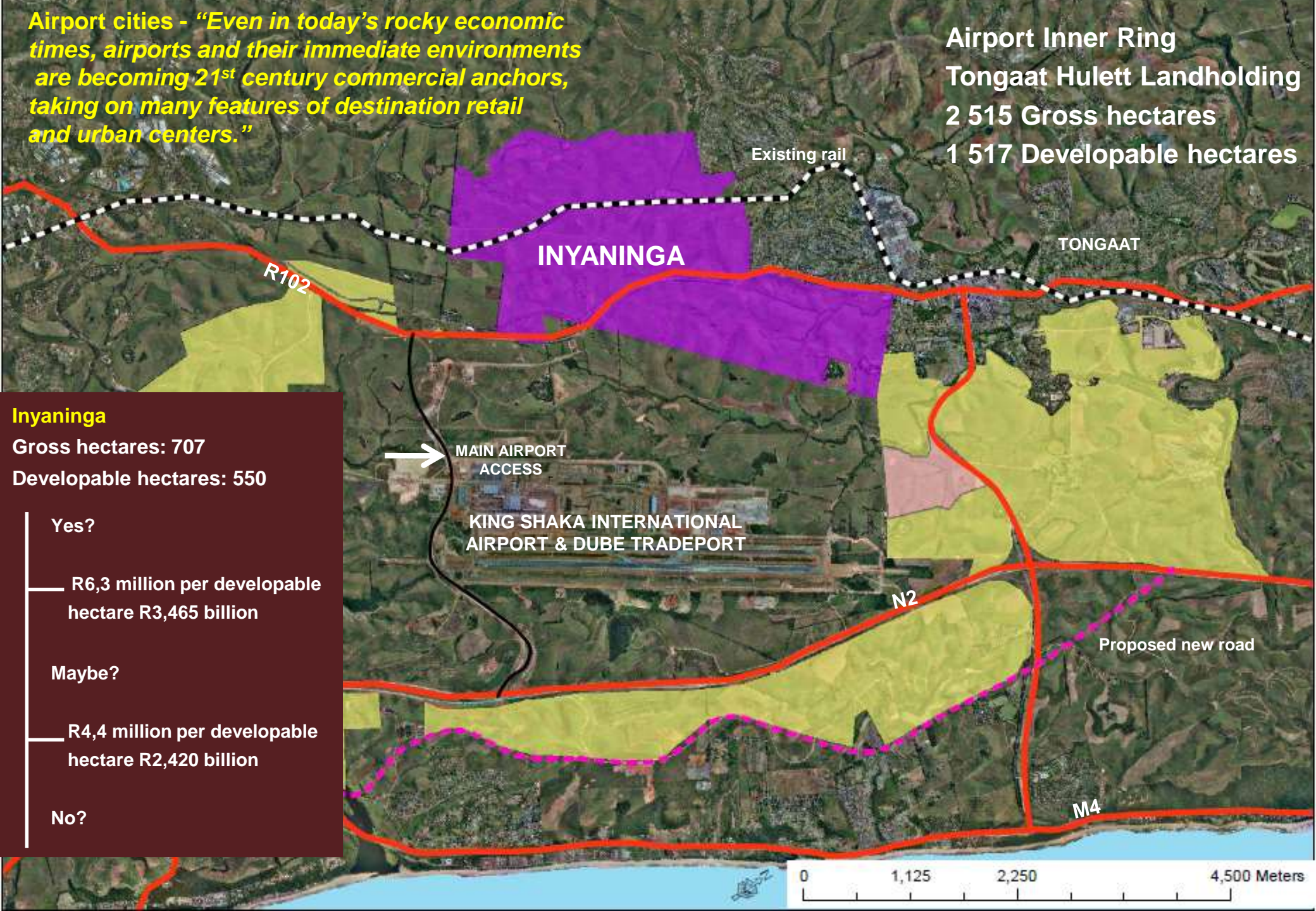
Inyaninga: Bulk land sale/Partnership/ TH development



- EIA process underway – planned date of approval for development rights – mid 2013
- Phase 1 – envisaged around existing rail – opportunity for multi-modal logistics hub

Airport cities - “Even in today’s rocky economic times, airports and their immediate environments are becoming 21st century commercial anchors, taking on many features of destination retail and urban centers.”

**Airport Inner Ring
Tongaat Hulett Landholding
2 515 Gross hectares
1 517 Developable hectares**



Inyaninga

Gross hectares: 707

Developable hectares: 550

Yes?

**R6,3 million per developable
hectare R3,465 billion**

Maybe?

**R4,4 million per developable
hectare R2,420 billion**

No?

uShukela Drive: Bulk Sale Opportunity



Gross Extent: 137 ha (comprising 57 ha DTP and 80 ha TH)

- Formalised joint planning agreement with DTP for EIA and PDA processes
- EIA process underway
 - Expected date of approval of development rights for end 2012

Ntshongweni



- Located on the N3 Growth corridor
- Supported by Municipal SDP and LAP's
- New regional centre
- Important logistics location
- 3 major uses
 - Residential infill developments
 - Mixed use centre
 - Business Park and logistics
- Preparation for EIA and PDA processes are underway
- Good prospects for bulk and semi-bulk sales and partnerships

Zimbali Lakes



Construction of Gary Player golf course by IFA in progress

- Excavation of Lakes water body commenced
- Amendments to the EIA in respect of the golf course submitted
- Resort node potential as semi bulk sale
- Potential retirement village being designed

Tinley Manor: Bulk Land Sales/Partnership/Own Development



- Largest consolidated property surrounding a river on North Coast
- 882 developable hectares
1 042 gross hectares
- Full coastal frontage (3,9 km) and access to both sides of Umhlali Lagoon and River Basin
- Tinley Manor ski boat launch site license issued to Tongaat Hulett
- EIA commenced on South Bank
- Setback lines established in terms of the Coastal Management Act

Starch Operations - Additional Financial Data

R millions	6 months to September 2011	6 months to September 2010
Revenue:	1 210	1 185
Domestic	882	912
Exports	120	107
Co-Products	208	166
Operating Profit	167	125

Starch Operations - Volume Data

Volume (tons)	6 months to September 2011	6 months to September 2010
Local Starch	44 433	44 660
Local Glucose	159 850	158 695
Total Local	204 283	203 355
Export Starch	17 997	17 622
Export Glucose	6 621	6 201
Total Exports	24 618	23 823
Co-Products	77 332	77 548
Total	306 233	304 726

Starch Operations: Co-product Pricing

Co-product	Price movement September 2011 over Comparative Period	Major price drivers
Germ	Up 36,9%	50%: International edible oil price and local oil seeds 50%: Local maize
Gluten-60	Up 2,8%	International protein (Soya, fishmeal) prices
Gluten-20	Up 36,4%	Local maize price/hominy chop surplus

Raw Sugar Production

	Milling Season											
Tons '000	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	Est. 11/12
South Africa [^]	977	762	868	659	731	760	674	612	652	573	455	490
Mozambique	39	36	71	82	85	115	106	108	108	134	166	240
Swaziland RSE	41	45	50	54	50	56	55	58	56	54	54	57
Zimbabwe *	547	509	578	507	422	430	451	349	298	259	333	365
Total	1 604	1 352	1 567	1 302	1 288	1 361	1 286	1 127	1 114	1 020	1 008	1 152
Capacity	1 785	1 785	1 785	1 785	1 785	1 785	1 785	1 785	1 785	1 987	1 987	1 987
% of Capacity	90%	76%	88%	73%	72%	76%	72%	63%	62%	51%	51%	58%

* Hippo Valley acquired in December 2006

[^] Previously reported saleable sugar tons

Zimbabwe - Private Farmers

	Actual 2010/11	May 2011/12 Estimate ^	November 2011/12 Estimate	Plan 2014/15
Total hectares allocated to cane farmers	15 880	15 880	15 880	15 880
Total hectares under cane as at 1 April	8 693	10 403	10 403	15 880
Total hectares milled	8 693	9 403	9 108	15 880*
Cane yield tcphm	47,61	48,09	53,63	90,00*
Total cane crush (tons)	413 835	452 230	488 421	1 429 200*
Root replant (hectares) #	2 401	3 990	4 990	1 588*



Includes replant of existing roots and fallow land

* Latest view for 2014/15

^ Information presented at the May 2011 results presentation

tcphm – tons cane per hectare milled

Zimbabwe - Own Estates

	Actual 2010/11	May 2011/12 Estimate ^		November 2011/12 Estimate	Plan 2014/15
Total hectares under cane	29 122	29 122		29 122	29 172
Total hectares milled	24 932	26 393		26 376	26 660
Cane yield tcphm	86,28	97,98	100,25	94,76	108,80
Total cane crush (tons)	2 151 256	2 586 000	2 646 000	2 499 437	2 900 625#
Root replant (hectares)	4 995	4 800		5 157 @	2 660#



^ Information presented at the May 2011 results presentation # Latest view for 2014/15 tcphm – tons cane per hectare milled

@ Some of this cane will be available for milling in the 2012/13 season while the remainder will be available for milling from the 2013/14 season

Cane Yields

Tongaat Hulett hectares	Actual 2010/11	May 2011/12 Estimate ^	November 2011/12 Estimate	Plan 2014/15	Hectares Harvested 2014/15
Xinavane	91,07	100,06	97,17	105,10	11 623
Mafambisse	48,12	63,24	56,64	75,92	8 526
Home Estate	35,10	52,00	49,78	68,68	6 075
Lamego Estate	96,80	92,13	74,39	93,85	2 451
Total	70,89	83,65	79,21	92,75	20 149

Tongaat Hulett leased & Private Farmers	Actual 2010/11	May 2011/12 Estimate ^	November 2011/12 Estimate	Plan 2014/15	Hectares harvested 2014/15
Tongaat Hulett Leased Land	93,29	100,74	86,36	103,13	3 758
Private Farmers	74,52	89,60	90,97	87,09	2 942

^ Information presented at the May 2011 results presentation

Mozambique

Cane Yield and Sucrose Content Improvement Plans[^]

Field condition / Drainage

- Positive drainage pumps
- Renewal of one-way floodgates on dykes
- Field layouts and row spacing
- Upgrading of drainage systems

Root / cane condition and replanting

- Gapping up poorly germinated areas
- Ripening and dry-off regimes
- Pest and disease controls
- Focus on crop positioning and cane age
- Variety selection
- Replanting of under performing fields
- Decommissioning of fields not performing to minimum yield criteria
 - Mafambisse Home Estate

Irrigation / Power Supply

- Improved irrigation control
- Improved bulk water supply from pump stations
- 20 MVA sub station (Xinavane)
- Upgrading main power lines to irrigation pump stations
- Upgrading of electrical reticulation
- Conversion of fields from 2 mm per day to 8 mm per day
 - Mafambisse Home Estate

Estate organisational structures

- Agricultural and supervisory training
- Reduced size of sections
- Improved equipment availability

[^] Update to information presented at the May 2011 results presentation

Red - completed

Brown – in progress



Mozambique Sugar Operations

- **Mafambisse**
 - Expansion completed in 2008
 - Mill: Tongaat Hulett owns 85%
 - Agriculture: Tongaat Hulett owns 100%
- **Xinavane**
 - Mill: Tongaat Hulett owns 88% after major expansion
 - Agriculture: Tongaat Hulett owns 100%

South African Sugar: Agriculture, Milling and Refining

- SA sugar industry legislated regulations
 - 89% deemed local in current season
 - 11% recognised and valued as exports
- Export realisations: R4 612 / ton (H1 2010/11: R3 674 / ton)
 - 30,5* US c/lb (H1 - 2010/11: 19,0 US c/lb)
 - R7,22/US\$ (H1 - 2010/11: R7,71/US\$)

* Includes preferential US quota and physical premiums

Government Partnerships with Tongaat Hulett

Cane Development

Type of Funding	Govt. Grant (R million)	Beneficiary	Term	Application of Grant
Comprehensive agricultural support program (CASP)	R38 m	<ul style="list-style-type: none"> 84 beneficiaries 	<ul style="list-style-type: none"> 3 year partnership 2008/9, 2009/10, 2010/11 	Planting, replanting, ratoon management, irrigation and infrastructure repairs
Recapitalisation and Development Program (RECAP)	R70 m	<ul style="list-style-type: none"> Currently 57 commercial land reform beneficiaries. Likely to increase with additional funding 17 000 hectares 	<ul style="list-style-type: none"> 3 year strategic partnership between National Department of Land Reform and TH 2011/12, 2012/13, 2013/14 	Planting, infrastructure and farm equipment
Vuselela	R51 m	<ul style="list-style-type: none"> 3 534 hectares of communal land 	<ul style="list-style-type: none"> 3-year partnership between KZN Dep. Of Economic Development and TH 2010/11, 2011/12, 2012/13 	<ul style="list-style-type: none"> Planting and new cane establishment TH to contribute R12,3 million for seed cane costs
Fertilizer Assistance	R26 m	<ul style="list-style-type: none"> 8 884 hectares of communal land 	<ul style="list-style-type: none"> A one year agreement to provide small scale farmers with a fertilizer grant 	Fertilizer inputs to existing communal land
Total	R185 m			

LDC Countries

- 50 LDC countries
- 22 sugar producing LDC countries
- Countries that have exported into EU

Ethiopia

Tanzania

Togo

Senegal

Nepal

Malawi

Mozambique

Zambia

Sierra Leone

Sudan

DRC

Benin

Bangladesh

- LDC criteria
 - Gross national income per capita < US\$ 750
 - Human asset index based on nutrition, health, education and adult literacy
 - Economic vulnerability - 5 indicators
 - Population < 75 million

Sugar Cane Growing Crops

- Accounted for in terms of International Accounting Standard - IAS 41: Agriculture
 - Measured and recognised at fair value
 - Changes in fair value are included in the income statement
- Replanting and agricultural costs actually incurred are charged to the income statement in the period
- The fair value elements are a “zero sum equation” over time in the income statement

Tongaat Hulett: Cane Grower and Sugar Miller

- Southern Africa:
 - South Africa cane supply initiatives
 - Mozambique expansion
 - Zimbabwe consolidation and recovery
 - Growing crops consolidated balance sheet value: R2,9 billion
 - Growing with new root planting and replanting
 - Increases as cane yields, sugar content and prices rise

Sugar Industry - Time Lags

What you do today with its cash outflows  Impacts sugar production and cash inflows approx. 18 months later

- New planting / replanting of roots
- Cane growth: approximately 12 months
- Off crop work on mills between December and March

Hectares under cane	31 Sept 2011	31 Mar 2011	30 Sep 2010	31 Mar 2010
Mozambique	24 664	24 664	23 739	22 609
Zimbabwe	28 614	28 494	29 128	27 753
South Africa	20 090	18 859	17 023	13 910
Swaziland	3 838	3 838	3 835	3 767
Total	77 206	75 855	73 725	68 039

Accounting for Sugar Cane Growing Crops

International Accounting Standards - IAS 41: Agriculture

- Sugar cane growing crops are accounted for as biological assets
 - Measured and recognised at fair value
- Changes in the fair value are included in the income statement
 - The fair value of roots is determined on a current amortised cost basis
 - Specific costs in each estate
 - Adjusted for cost increases
 - Amortisation takes place over the life of the roots (range 6 to 12 years)
 - The fair value of standing cane is determined by
 - Growth of the cane, yield, sucrose content
 - Selling prices (including specifics such as European Union exports)
 - Less costs to harvest, transport and costs into the market
- Replanting and agricultural operating costs actually incurred
 - Charged to the income statement in the period

Accounting for Sugar Cane Growing Crops (cont)

- **Fair Value adjustments - over time: zero sum equation in the Income Statement**
 - At time of cane establishment / expansion: costs incurred, cash outflow and fair value gain
 - Approximately 18 months later: standing cane harvested, sugar produced and sold —→ cash inflow and standing cane sees negative fair value adjustment
 - Roots value is amortised over time
- **Operating profit generated from sales is recognised when standing cane is harvested for sugar production and sold**
- **Over time: operating profit = cash net inflow**

Growing Crops on the Tongaat Hulett Balance Sheet

	30 Sep 10	31 Mar 11	30 September 2011				
	Total	Total	Total	South Africa	Swaziland	Zimbabwe	Mozambique
<u>Roots</u>							
Hectares	73 725	75 855	77 206	20 090	3 838	28 614	24 664
Amortised root value (Rands per ha)	14 024	15 540	19 427	12 177	11 896	16 259	30 182
<u>Standing Cane</u>							
Hectares for harvest	71 283	73 079	74 210	18 586	3 717	28 101	23 806
Standing cane value (Rands per ha)	13 820	19 552	18 832	7 163	17 177	24 325	21 718
Yield (tons cane per ha)	91	85	86	56	124	99	88
<u>Balance Sheet</u>							
Roots (R million)	1 034	1 179	1 500	245	46	465	744
Standing cane (R million)	985	1 429	1 397	133	64	683	517
Total (R million)	2 019	2 608	2 897	378	110	1 148	1 261

March 2011 (R million)	2 608
Change in fair value - Income Statement	-239
Foreign Currency Translation	528
September 2011 (R million)	2 897

Cane Root Amortisation Profile at Present
<ul style="list-style-type: none"> Range from 56% to 75% unamortised in the different countries Average: 67% unamortised

Growing Crops - Income Statement

- IAS 41 Fair Value Change included in the Income Statement: Six months to 30 September 2011

	R million
Roots	57
Standing cane	-296
Change in fair value	-239

	R million
South Africa	11
Swaziland	-24
Zimbabwe	-48
Mozambique	-178
Change in fair value	-239

- Standing cane change in Fair Value:
 - Cane harvested (biggest impact at half-year)
 - + Cane growth on new areas planted
 - + Change in sucrose or sugar pricing
- Roots change in Fair Value:
 - + Hectares replanted and fallow land planted
 - + Change in fair value costing
 - Amortisation of roots
- Comparative IAS 41 Fair Value Change 30 September 2010: + R189 million
- All agricultural costs incurred are charged to the income statement as operating costs

Cash Flow : Cane Valuations, Root Planting and Off Crop costs highlighted in a Sugar Business

R millions	H1: 2011/12	H1: 2010/11	FY: 2010/11	
Operating profit	+ 1 029	+ 949	+ 1 606	Includes all agricultural costs
Growing crop fair value adjustment	+ 239	- 189	- 662	As per Income Statement
Root planting costs (direct planting, excluding other agricultural costs)	+ 211	+ 175	+ 332	See # below
Other non-cash items	+ 316	+ 211	+ 61	Includes depreciation etc.
	+ 1 795	+ 1 146	+1 337	> R600 million improvement in H1 2011/12
Working capital	- 1 044	- 956	- 212	
Capital Expenditure - Plant & Equipment and other capital <small>incl. off crop major plant overhaul costs</small>	- 359	- 383	- 839	
Root planting costs	- 211	- 175	- 332	See # above
	+ 181	- 368	- 46	
Interest, tax and dividends	- 434	- 356	- 781	
Net cash flow	- 253	- 724	- 827	

Average Exchange Rates - Effect on Earnings

Average	H1 2011/12	H1 2010/11	% Change
Rand/US\$	6,95	7,39	-6%
Rand/Euro	9,91	9,58	+3%
Rand/Metical	0,24	0,22	+10%
US\$/Euro	1,43	1,30	+10%



- **Export proceeds: US\$ and Euro**
(exchange rates at time of export)
- **Earnings conversion on consolidation**
(at average exchange rates)
 - Zimbabwe : US\$ → Rands
 - Mozambique : Metical → Rands





Tongaat Hulett