TONGAAT HULETT
REVIEWED INTERIM RESULTS
FOR THE 12 MONTHS ENDED 31 DECEMBER 2009

- Revenue of R9,1 billion (2008: R7,1 billion)
- Profit from operations of R1,555 billion (2008: R1,132 billion)
- Headline earnings of R839 million (2008: R583 million)
- Recovery of Zimbabwe operations underway
- Financial year-end changed to 31 March 2010

COMMENTARY

Tongaat Hulett has overcome a number of challenges in 2009 and is well on its way to fully utilise its newly installed sugar production capacity in Mozambique and to re-establish cane supply and milling capacity utilisation in Zimbabwe. The recovery of the Zimbabwe sugar operations has commenced, coinciding with the US dollarisation of the Zimbabwe economy in 2009 and the return to more normal economic fundamentals relevant to the sugar business, including the restoration of domestic sales prices to regional levels. Both Mozambique and Zimbabwe have preferential access to the attractive European Union markets.

The significantly improved global sugar dynamics are beginning to be reflected in the financial results of the various sugar operations. At the same time, market conditions for the sale of development land across most sectors remained depressed.

Tongaat Hulett's profit from operations grew by 37% to R1,555 billion in 2009 and headline earnings increased by 44% to R839 million.

Profit from the starch operations was R256 million (2008: R240 million). Starch and glucose sales volumes in the local market declined by 5,5%. Lower demand was experienced in the alcoholic beverage, paper and coffee creamer sectors, with the contraction in consumer spending. The negative effect of the lower demand was offset by improved starch and glucose margins. A second consecutive year of favourable agricultural conditions in South Africa yielded a large maize crop of 12,05 million tons (2007/08: 12,7 million tons) and resulted in local maize prices trading closer to world prices for most of the year. Co-product revenues decreased as a result of lower prices for edible oils and animal feeds.

Land and property development activity is currently focused on the growth corridor north of Durban that commences inland of Umhlanga/Umdloti, extends around the new international airport at La Mercy and includes the greater Tongaat region. In the present economic conditions, few hectares are being converted to development in the higher value, prime locations on the coastline and to the west of eThekwini. Good progress is being made, working with all spheres of Government, in planning for optimal land usage and accelerated socio economic development. Tongaat Hulett owns 13 895 gross hectares for development in South Africa. Operating profit from land conversion and development in 2009 amounted to R148 million (2008: R263 million) with a further R57 million in capital profits (2008: R22 million) being realised. During the year, 150 developable hectares (247 gross hectares) were sold comprising 144 hectares in the eThekwini growth corridor, including new airport related activities, and 6 hectares in the prime coastal corridor.

The South African sugar milling, refining and agriculture operations contributed R159 million to profit (2008: R73 million). Raw sugar export volumes from South Africa increased to 232 000 tons (2008: 210 000 tons) and were sold at an effective world sugar price of 15,0 US c/lb (2008: 12,1 US c/lb) at an average exchange rate of R8,19/US$ (2008: R8,05/US$). South African domestic sugar sales increased by 17% to 545 000 tons (2008: 466 000 tons). Sugar production decreased to 564 000 tons compared to the 644 000 tons produced in 2008. There has been a reduction in stock levels at the end of the year. The current dynamics of a higher world sugar price are encouraging for the South African sugar industry as improved returns from sugar cane farming will stimulate an improvement in farming practices and an increase in hectares under cane, leading to improved milling capacity utilisation.

The downstream sugar value added activities contributed R209 million to profit (2008: R204 million). This includes Voermol animal feeds, South African refined exports, regional marketing, sales, packing and distribution activities.

In Swaziland, Tambankulu Estates produced a raw sugar equivalent of 54 000 tons (2008: 56 000 tons). Operating profit was R43 million, compared to last year’s R44 million.

Sugar production in Mozambique increased to 134 000 tons from 108 000 tons in 2008. The start-up problems experienced during Xinavane’s 2009 milling season, that limited sugar production, have now been resolved, including having to replace the diffuser chain following numerous chain link failures. This resulted in a large portion of the crop on the substantially expanded cane growing estates being carried over, for harvesting at the start of the 2010/11 season. Production of sugar at Xinavane to the end of December 2009 was 83 000 tons, with a further 6 000 tons produced in January 2010 in an extended crushing season (2008: 63 000 tons). Mafambisse’s sugar production of 45 000 tons (2008: 45 000 tons) was adversely affected by a number of factors, including the harvesting of young cane in the newly established cane areas and overcoming irrigation bottlenecks. The Mozambique operation’s raw sugar export volumes to the European Union totaled 49 000 tons (2008: 39 000 tons) and sales to the domestic market increased to 85 000 tons (2008: 69 000 tons). The currency gains of R122 million realised in 2008, when financial structures were finalised, were not repeated in 2009. The Mozambique profit from operations amounted to R185 million (2008: R250 million). Over the next two seasons, the Mozambique operations are targeting to increase sugar production from the 134 000 tons in 2009/10 to the newly installed milling capacity of 300 000 tons per annum, with the cane supply already well established.

The profit from sugar operations in Zimbabwe was R548 million in 2009, as relevant economic fundamentals were reintroduced into the local economy and the business. Sales to the domestic market of 153 000 tons were undertaken in US dollars at levels in line with regional pricing and 146 000 tons were exported to the European Union. Sugar production in Zimbabwe in 2009 amounted to 259 000 tons (2008: 298 000 tons). The situation that prevailed in Zimbabwe in 2008 had a negative impact on the 2009 harvest and sugar production levels. A recovery programme is currently underway, focused on improving cane yields and the re-establishment of outgrower cane lands, so as to restore sugar production to the existing installed capacity of 600 000 tons per annum.

As reported in the interim results to 30 June 2009, the Zimbabwe operations are now consolidated in Tongaat Hulett's financial results. The accounting treatment, in terms of International Financial Reporting Standards, on the commencement of consolidation of these operations gave rise to a balance sheet take-on gain of R1,969 billion, which is recognised in the income statement. This gain is excluded from the profit from operations and excluded from headline earnings.

The centrally accounted and consolidation items include a R82 million gain (2008: R86 million) on the recognition of an unconditional entitlement in 2009 to an employer surplus account allocation in the Tongaat Hulett pension fund.

The tax charge in the income statement includes the benefit of a release from the deferred tax provision following the reduction of the Zimbabwe tax rate from 30% to 25% at the end of 2009 and the advantage of an attractive Mozambique tax rate for agricultural operations.

Finance costs increased to R343 million (2008: R280 million), commensurate with the borrowings in the business.

Cash inflow from operations, before tax payments, was R1,390 billion (2008: R1,128 billion). Tongaat Hulett's net debt at the end of December was R3,370 billion (compared to R3,064 billion at June 2009 and R2,356 billion at the end of 2008) with significant capital expenditure, mainly on the Mozambique expansion, cash absorption in sugar cane growing crops and replanting of sugar cane in Zimbabwe.

Outlook

Tongaat Hulett's financial year-end has changed to 31 March, with effect from the current financial year. A March year-end corresponds with the sugar season in all the countries in which Tongaat Hulett operates. This is increasingly significant with the growth in the agriculture and agri-processing components of the business. Audited results will be published for the 15 months ending 31 March 2010. The final dividend declaration will coincide with the financial year-end of 31 March 2010.

The financial results for the 15 months to 31 March 2010 will include the revenue from a single sugar production season while the costs will be for a 15 month period, including those costs incurred from January to March in the off-crop period that are required to be expensed in the income statement.

A focal point for the business is the drive to increase sugar production from the 957 000 tons milled in the 2009/10 season to the installed sugar milling capacity of 1,9 million tons per annum, with a simultaneous reduction in the unit cost of production.

Tongaat Hulett, with its established and growing operations in agriculture, agri-processing and land conversion, remains well positioned for the emerging global dynamics of increasing demand for agricultural products, food, renewable energy and land usage.

For and on behalf of the Board

J B Magwaza	Peter Staude
Chairman	Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

25 February 2010

TONGAAT HULETT LIMITED

Registration number: 1892/000610/06 JSE share code: TON ISIN: ZAE000096541

REVIEWED INTERIM RESULTS

for the twelve months ended 31 December 2009

Income Statement

Condensed consolidated Rmillion	Note	**Reviewed 2009**	Audited 2008
Revenue		**9 110**	7 106
Profit from operations		**1 555**	1 132
Capital profit on land		**57**	22
Capital profit on insurance claim		**11**	49
BEE IFRS 2 charge and transaction costs		**(31)**	(33)
Zimbabwe consolidation take-on gain		**1 969**	
Valuation adjustments		**(3)**	2
Operating profit		**3 558**	1 172
Share of associate company's profit		**1**	
Net financing costs	1	**(343)**	(280)
Profit before tax		**3 216**	892
Tax	2	**(234)**	(212)
Net profit for the period		**2 982**	680
Profit attributable to:			
Shareholders of Tongaat Hulett		**2 868**	649
Minority (non-controlling) interest		**114**	31
		2 982	680
Headline earnings attributable to Tongaat Hulett shareholders	3	**839**	583
Earnings per share (cents)			
Net profit per share			
Basic		**2 775.9**	629.7
Diluted		**2 719.4**	616.8
Headline earnings per share			
Basic		**812.1**	565.6
Diluted		**795.5**	554.1
Currency conversion			
Rand/US dollar average		**8.41**	8.27
Rand/US dollar closing		**7.43**	9.30
Rand/GB pound closing		**11.98**	13.45

Segmental Analysis

Condensed consolidated Rmillion	**Reviewed** **2009**	Audited 2008
REVENUE		
Starch operations	**2 231**	2 150
Land Conversion and Development	**197**	412
Sugar		
Zimbabwe operations	**1 457**	
Swaziland operations	**137**	137
Mozambique operations	**629**	527
SA agriculture, milling and refining	**3 138**	2 424
Downstream value added activities	**1 321**	1 456
Consolidated total	**9 110**	7 106
PROFIT FROM OPERATIONS		
Starch operations	**256**	240
Land Conversion and Development	**148**	263
Sugar		
Zimbabwe operations (2008: dividends)	**548**	35
Swaziland operations	**43**	44
Mozambique operations	**185**	250
SA agriculture, milling and refining	**159**	73
Downstream value added activities	**209**	204
Centrally accounted items	**7**	23
Consolidated total	**1 555**	1 132

Statement of Financial Position

Condensed consolidated Rmillion	**Reviewed 2009**	Audited 2008
ASSETS		
Non-current assets		
Property, plant and equipment	**7 815**	4 659
Growing crops	**1 530**	742
Long-term receivable	**196**	196
Goodwill	**260**	99
Intangible assets	**9**	6
Investments	**7**	268
	9 817	5 970
Current assets	**4 264**	3 587
Inventories	**2 168**	1 709
Trade and other receivables	**1 734**	1 647
Derivative instruments	**23**	2
Cash and cash equivalents	**339**	229
TOTAL ASSETS	**14 081**	9 557
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	**138**	138
Share premium	**1 515**	1 506
BEE held consolidation shares	**(998)**	(1 023)
Retained income	**4 667**	2 087
Other reserves	**(697)**	351
Shareholders' interest	**4 625**	3 059
Minority interest in subsidiaries	**919**	276
Equity	**5 544**	3 335
Non-current liabilities	**3 786**	2 865
Deferred tax	**1 405**	582
Long-term borrowings	**1 105**	1 212
Non-recourse equity-settled BEE borrowings	**768**	792
Provisions	**508**	279
Current liabilities	**4 751**	3 357
Trade and other payables (note 4)	**2 033**	1 849
Short-term borrowings	**2 604**	1 373
Derivative instruments	**2**	23
Tax	**112**	112
TOTAL EQUITY AND LIABILITIES	**14 081**	9 557
Number of shares (000)		
– in issue	**103 432**	103 247
– weighted average (basic)	**103 318**	103 070
– weighted average (diluted)	**105 466**	105 225

Statement of Cash Flows

Condensed consolidated Rmillion	**Reviewed 2009**	Audited 2008
Operating profit	**3 558**	1 172
Profit on disposal of property, plant and equipment	**(66)**	(74)
Non-cash items:		
Depreciation	**420**	244
Other non-cash items	**(2 226)**	(297)
Tax payments	**(227)**	(163)
Change in working capital	**(296)**	83
Cash flow from operations	**1 163**	965
Net financing costs	**(343)**	(280)
Cash flow from operating activities	**820**	685
Expenditure on property, plant and equipment:		
New	**(1 355)**	(1 317)
Replacement	**(221)**	(221)
Major plant overhaul costs capitalised	**(34)**	(38)
Expenditure on intangible assets	**(6)**	(2)
Expenditure on growing crops	**(49)**	(167)
Proceeds on disposal of property, plant and equipment	**84**	96
Investments	**5**	(55)
Long-term receivable		7
Net cash flow before dividends and financing activities	**(756)**	(1 012)
Dividends paid	**(279)**	(355)
Net cash flow before financing activities	**(1 035)**	(1 367)
Borrowings raised	**1 180**	1 160
Non-recourse equity-settled BEE borrowings	**(24)**	(20)
Shares issued	**9**	7
Settlement of share-based payment awards	**(16)**	(11)
Net increase / (decrease) in cash and cash equivalents	**114**	(231)
Balance at beginning of period	**229**	396
Foreign exchange adjustment	**(70)**	55
Exchange rate translation (loss)/gain	**(3)**	9
Subsidiaries consolidated	**69**	
Cash and cash equivalents at end of period	**339**	229

Statement of Changes in Equity

Condensed consolidated Rmillion	**Reviewed** **2009**	Audited 2008
Balance at beginning of period	**3 059**	2 735
Total comprehensive income for the period	**1 804**	633
Retained earnings	**2 868**	649
Movement in hedge reserve	**19**	(15)
Foreign currency translation	**(1 083)**	(1)
Dividends paid	**(264)**	(336)
Reallocation of minority interest	**(24)**	(22)
Share capital issued - ordinary	**9**	7
BEE held consolidation shares	**25**	30
Share-based payment charge	**32**	27
Settlement of share-based payment awards	**(16)**	(15)
Shareholders' interest	**4 625**	3 059
Minority interest in subsidiaries	**919**	276
Balance at beginning of period	**276**	223
Total comprehensive income for the period	**(108)**	58
Retained earnings	**114**	31
Foreign currency translation	**(222)**	27
Dividends paid to minorities	**(15)**	(19)
Reallocation of minority interest	**24**	22
Change of holding in subsidiary		(8)
Consolidation of subsidiaries	**742**	
Equity	**5 544**	3 335

Statement of Other Comprehensive Income

Condensed consolidated Rmillion	**Reviewed** **2009**	Audited 2008
Profit for the period	**2 982**	680
Other comprehensive income	**(1 286)**	11
Movement in non-distributable reserves:		
Foreign currency translation	**(1 305)**	26
Hedge reserve	**25**	(21)
Tax on movement in hedge reserve	**(6)**	6
Total comprehensive income for the period	**1 696**	691
Total comprehensive income attributable to:		
Shareholders of Tongaat Hulett	**1 804**	633
Minority (non-controlling) interest	**(108)**	58
	1 696	691

Notes

Condensed consolidated Rmillion	Reviewed 2009	Audited 2008
1. Net financing costs		
Interest paid	**(460)**	(428)
Interest capitalised	**90**	103
Interest received	**27**	45
	(343)	(280)
2. Tax		
Normal	**(197)**	(256)
Deferred	**(132)**	66
Rate change adjustment (deferred)	**132**	22
Secondary tax on companies	**(37)**	(44)
	(234)	(212)
3. Headline earnings		
Profit attributable to shareholders	**2 868**	649
Less Zimbabwe consolidation take-on gain	**(1 969)**	
Less after tax effect of:		
Profit on disposal of land	**(51)**	(22)
Profit on insurance claim	**(10)**	(46)
Loss on disposal of other fixed assets	**1**	2
	839	583

4. Trade and other payables

Included in trade and other payables is the maize obligation (interest bearing) of R417 million (2008: R373 million).

5. Capital expenditure commitments		
Contracted	**242**	587
Approved	**108**	114
	350	701
6. Operating lease commitments	**30**	28
7. Guarantees and contingent liabilities	**133**	122

8. Basis of preparation

The condensed consolidated reviewed results for the twelve months ended 31 December 2009 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. The accounting policies are consistent with those used for the audited 2008 annual financial statements which fully comply with International Financial Reporting Standards, the Companies Act, as amended and the JSE Limited Listing Requirements. Tongaat Hulett's Zimbabwean operations, which were previously accounted for on a dividend received basis, have been consolidated in 2009, giving rise to a balance sheet take-on gain of R1,969 billion, as determined provisionally within the measurement period in accordance with IFRS 3 (revised 2008). This standard has been early adopted and has been applied prospectively with no restatement of comparatives. In addition, IAS 1 Presentation of Financial Statements (revised), IFRS 7 Financial Instruments: Disclosures and IFRS 8 Operating Segments were adopted during the current financial period. The adoption of these new standards has resulted in certain disclosure reclassifications but has not resulted in any changes in accounting policy.

9. External auditor's review opinion

The external auditors have issued an unmodified review opinion. A copy of their report is available for inspection at the registered office of the company.