Taxation

	2009	2008	2007
	(US$ million)		
(Loss) / profit before taxation	**(218)**	**188**	**249**
Taxation at the average statutory tax rates	(60)	72	68
Net exempt income and non-tax deductible expenditure	(32)	(51)	(34)
Effect on tax rate changes	(3)	(9)	(19)
Deferred tax asset not recognized	72	103	49
Utilization of previously unrecognized tax assets	(22)	(19)	(11)
Secondary Tax on Companies	4	7	8
Prior year adjustments	(4)	(19)	(15)
Other taxes	4	2	1
Taxation charge / (benefit)	**(41)**	**86**	**47**
Effective tax rate	**19%**	**46%**	**19%**

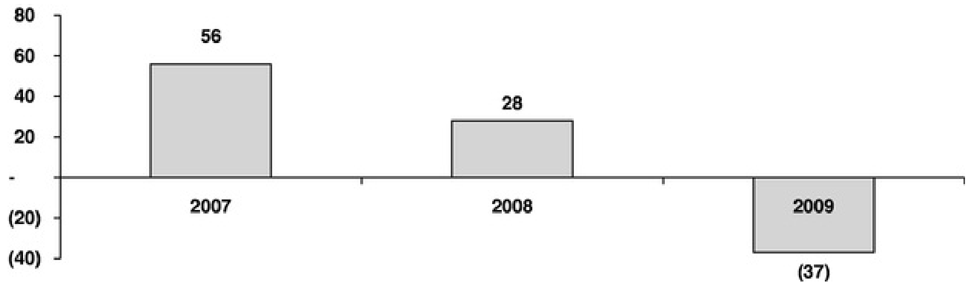
With a loss before taxation of US$ 218 million, the total taxation relief to the income statement of US$ 41 million results in an effective tax rate of 19% for fiscal 2009. The expected relief of US$ 60 million was unfavorably impacted because no tax relief was taken on the taxation losses of certain loss-making entities, due to management's judgment that these losses may not be recoverable in the near future and certain of the Group's profits are not taxed as a result of losses carried forward of favorable permanent differences. The Secondary Tax on Companies of US$ 4 million relates to South African tax on Group dividends paid during the year at a rate of 10%. For further information see "Item 10—Additional Information—Taxation".

Net Profit

There was a net loss for fiscal 2009 of US$ 177 million compared to a net profit of US$ 102 million for fiscal 2008. The main reason for this change was the impact on sales volume and selling prices of a significant decline in demand for all major products due to the slowdown in world economies.

Basic earnings per share development are illustrated in the table below:

Earnings Per Share (US cents)



In fiscal 2009 earnings per share was adversely impacted by certain significant items, including asset impairments (US$ 79 million), restructuring provisions (US$ 34 million), plantation fair value price adjustment (US$ 67 million). These adverse items were partly offset by positive impacts from alternative fuel tax credits (US$ 87 million) and a discount on the early repayment of the vendor loan notes related to the Acquisition (US$ 41 million).

Liquidity and Capital Resources

Our principal sources of liquidity are cash generated from operations and availability under our revised credit facilities and other debt arrangements. Our liquidity requirements arise primarily from the need to fund capital expenditures in order to maintain our assets, to expand our business whether organically or through acquisitions, to fund our working capital requirements, to service our debt and to make dividend payments. Based on our current level of operations, we believe our cash flow from operations, available borrowings under our credit facilities and cash and cash equivalents will be adequate to meet our liquidity needs for at least the next twelve months.

Our liquidity resources are subject to change as market and general economic conditions evolve. Decreases in liquidity could result from a lower than expected cash flow from operations, including decreases caused by lower demand, weaker prices for our products, or higher input costs. In addition, any potential acquisitions in which all or a portion of the consideration would be payable in cash could have a significant effect on our liquidity resources. Our liquidity could also be impacted by any limitations on the availability of our existing debt and our ability to refinance existing debt, raise additional debt and the associated terms of such debt. However, at the end of fiscal 2009 we had substantial cash and cash equivalents of US$ 770 million.

One of our liquidity requirements is usually the payment of annual dividends to shareholders. Considering among others the macro economic and global financial market conditions and our performance in fiscal 2009, the board decided not to declare a dividend for fiscal 2009. Following the completion of the Refinancing, our ability to pay dividends to our shareholders is subject to certain restrictive covenants. See "Item 8—Financial Information—Dividends".

Cash Flow

In fiscal 2009, we placed an increased emphasis on cash generation and cut our capital expenditure significantly, without compromising our current high levels of maintenance activities. Working capital management became an increasing focus of the Group. The slowdown in the global economy in fiscal 2009 led to a decline in demand and softening of selling prices, thereby placing an even greater emphasis on managing working capital, particularly in relation to inventory levels and receivables, reducing our level of working capital in line with the reduced level of trading activity.

Cash Flow Summary	**2009**	**2008**	**2007**
		(US$ million)	
Cash generated by operations[1]	432	623	585
Non-cash items[1]	505	309	201
Movement in working capital	152	1	60
Net finance costs paid	(81)	(126)	(162)
Taxation	(5)	(70)	(27)
Capital expenditure[2]	(176)	(505)	(442)
Acquisition of business	590	—	—
Cash (utilized) / generated[3]	(301)	(139)	24
Financing cash flows	707	49	98

(1) Cash generated by operations is calculated by adding to the profit/(loss) for the period, net finance costs, taxation and various non-cash items as set out in the table below. For further information, see note 23.1 to our Group Annual Financial Statements included elsewhere in this Annual Report.

(2) Capital expenditure includes US$ 1 million of plantation expenditure for fiscal 2009, the remainder of the capital expenditure shown for all three fiscal years, relates to expenditure on property, plant and equipment.

(3) Cash (utilized) / generated is calculated by deducting cash utilized in investing activities from cash retained from operating activities. For further information, see note 23 to our Group Annual Financial Statements included elsewhere in this Annual Report.