Taxation

	2010	2009	2008
	(US$ million)		
Profit / (loss) before taxation	**86**	**(218)**	**188**
Taxation at the average statutory tax rates	35	(60)	72
Net exempt income and non-tax deductible expenditure	(10)	(32)	(51)
Effect of tax rate changes	—	(3)	(9)
Deferred tax asset not recognized	65	72	103
Utilization of previously unrecognized tax assets	(54)	(22)	(19)
Secondary Tax on Companies	—	4	7
Prior year adjustments	(20)	(4)	(19)
Other taxes	4	4	2
Taxation charge / (benefit)	**20**	**(41)**	**86**
Effective tax rate	**23%**	**19%**	**46%**

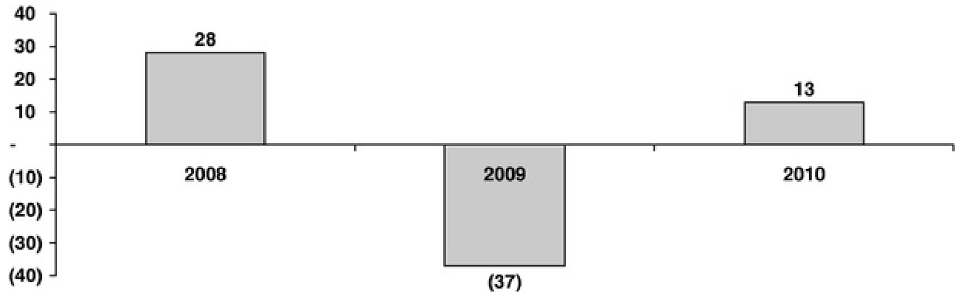
With a profit before taxation of US$ 86 million, the total taxation charge to the income statement of US$ 20 million results in an effective tax rate of 23% for fiscal 2010. The expected charge of US$ 35 million was favorably impacted by exempt income components and favorable prior year adjustments, mainly consisting of changed risk assessments subsequent to various tax audits. For further information see "Item 10—Additional Information—Taxation".

Net Profit

The company produced a net profit of US$ 66 million for fiscal 2010 compared to a net loss of US$ 177 million in fiscal 2009 and compared to a net profit of US$ 102 million for fiscal 2008. The main reason for the change in fiscal 2010 compared to fiscal 2009, was the beneficial impact on sales volume and selling prices of a significant increase in demand for all major products as major world economies started to recover from the slow down experienced during fiscal 2009.

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

Earnings Per Share (US cents)



In fiscal 2010 earnings per share was positively impacted by certain significant items, including alternative fuel mixture tax credits (US$ 51 million), a plantation fair value price adjustment (US$ 25 million) and asset impairment reversals (US$ 10 million). These positive items were partly offset by adverse impacts from restructuring provisions (US$ 46 million), BEE charges (US$ 23 million) and fire, flood and storm related events (US$ 21 million).

In fiscal 2009 earnings per share was adversely impacted by certain significant items, including asset impairments (US$ 79 million), restructuring provisions (US$ 34 million) and a plantation fair value price adjustment (US$ 67 million). These adverse items were partly offset by positive impacts from alternative fuel mixture 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 2010 we had substantial cash and cash equivalents of US$ 792 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 2010, as well as our priority to reduce indebtedness and preserve liquidity, the Board of Directors decided on November 8, 2010 not to declare a dividend for fiscal 2010. See "Item 8—Financial Information—Dividends".

Cash Flow

In fiscal 2010, we placed an increased emphasis on cash generation and kept our capital expenditure at low levels, without compromising our current high levels of maintenance activities. During fiscal 2010 we did not experience a full recovery of demand and prices after the severe slowdown experienced during fiscal 2009. Our focus on managing working capital remained strong, particularly in