



The Tongaat-Hulett Group Limited

Registration No. 1892/000610/06 Share code TNT ISIN ZAE000007449 Issuer code THGL

INTERIM RESULTS

for the half-year ended 30 June 2003

INCOME STATEMENT

	Unaudited Half-year 30 June 2003	Unaudited Half-year 30 June 2002 Restated	Audited Year ended 31 December 2002
Revenue	3 021	2 809	6 103
Underlying operating profit	233	387	802
Triangle dividend		31	71
Valuation adjustments on financial instruments and other items	(375)	(74)	(215)
(Loss)/earnings before interest and tax	(142)	344	658
Net interest paid	(62)	(55)	(100)
(Loss)/earnings before exceptional items	(204)	289	558
Exceptional items		2	6
(Loss)/earnings before tax	(204)	291	564
Tax	29	(63)	(127)
(Loss)/earnings after tax	(175)	228	437
Share of associate company's loss	(15)	(21)	(36)
Total net (loss)/earnings	(190)	207	401
(Loss)/earnings per share (cents)			
Total net (loss)/earnings			
Basic	(187,4)	204,5	396,0
Diluted	(186,5)	200,4	389,8
Headline (loss)/earnings			
Basic	(187,4)	202,5	388,1
Diluted	(186,5)	198,4	382,0
Dividend per share (cents)	40,0	80,0	270,0
Currency conversion			
Rand/US dollar average	8,03	10,99	10,48
Rand/US dollar closing	7,48	10,37	8,58
Rand/GB pound closing	12,37	15,85	13,81

COMMENT ON RESULTS

Revenue from operations rose by 8% to R3 billion driven by increases in sales volumes offset by the strengthening of the Rand and lower commodity prices. Underlying operating profit for the half-year to 30 June 2003 decreased by 40% to R233 million. Current reductions to the cost base were not sufficient to compensate for reduced margins.

Dividends declared by Triangle during the period have not been brought to account as Zimbabwean Reserve Bank approval for their remittance is still awaited.

The consistent application of accounting statements AC133 and AC112 has led to a R375 million valuation adjustment change to the income statement for the six month period to 30 June 2003. The valuation adjustments relate to the recognition and valuation of certain contracts and balance sheet items. Maize has been secured to meet customers' requirements through to late 2004. The valuation adjustment required at 30 June 2003 on maize contracts has resulted in a charge to the income statement of R255 million, due to the significantly lower average maize price of R846 per ton at that date. African Products' maize procurement strategy and its link to domestic pricing will be changed to significantly reduce earnings volatility.

Cash continues to be held offshore for growth opportunities and the application of the exchange rate at 30 June 2003 has resulted in a reversal of R61 million of previous unrealized translation gains. Other valuation adjustments relating to export receivables, loans to foreign subsidiaries and other financial instruments, in total, have resulted in a charge against earnings of R59 million.

A headline loss of R190 million (2002 – headline earnings of R205 million) was incurred. Notwithstanding this loss, the Board has declared an interim dividend for the half-year of 40 cents per share (2002 – 80 cents per share).

OPERATIONAL PERFORMANCE

Tongaat-Hulett Sugar's revenue for the half-year to 30 June 2003 was 7% up over the comparable period last year while underlying operating profit was R183 million. After foreign exchange and valuation adjustments of R24 million, earnings before interest and tax were R159 million.

Increased contributions from value-added activities (comprising sugar pre-packing, speciality sugars, animal feeds and refined exports) and higher cane profitability in Swaziland have been offset by reduced raw sugar export margins. Domestic market volumes in South Africa at 236 200 tons were marginally up on the same period last year, while raw sugar export volumes increased by 35% as a consequence of higher carry-in stocks compared to 2002.

Total sugar production for the current season is forecast at 1,118 million tons, 12% below last year. Production from South African operations in the current year is estimated to be approximately 19% down at 681 000 tons sugar while that of Mozambique is expected to rise to 98 000 tons. In Swaziland, Tambankulu is expected to produce the raw sugar equivalent of 54 000 tons. Triangle Sugar in Zimbabwe continues to perform well in a difficult economic and business environment and this year is expected to produce 285 000 tons of sugar. A dividend of R21 million (net of withholding tax and at current exchange rates) has been declared by Triangle in respect of the period to 30 April 2003.

Hulett Aluminium continues to make good progress in growing its manufacturing output and international customer base. Rolled products export volumes increased by 46% to 40 900 tons for the half-year to 30 June 2003. This contributed to Hulett Aluminium's overall sales volume growth of 24% to 67 500 tons for the six months.

Cost reduction measures at Hulett Aluminium have resulted in its average conversion cost per ton reducing by approximately 16%. This, together with the benefits from the increased sales on underlying operating profit, has been offset by the significant impact of a strengthening Rand, lower international rolling margins and a metal price lag impacting on cost of sales. In addition, the effect of exchange rate movements on the valuation of foreign currency debtors and foreign loan forward cover contracts, resulted in Hulett Aluminium incurring a loss before interest and tax of R36 million of which the Group's share is R18 million.

African Products' prime domestic volumes increased by 6% to 189 000 tons compared to the first half of 2002 and export volumes grew by 5% to 33 900 tons. The strengthening of the Rand has exerted downward pressure on domestic sales prices and has reduced export contributions, resulting in underlying operating profit declining from R93 million to R40 million.

African Products has followed a consistent strategy of securing the bulk of its customers' maize requirements during maize planting seasons. The focus is on price stability, the genetically modified free status of the maize, locality and other quality issues. Maize is purchased from various sources, including direct purchases from farmers, contracts with traders and the use of the futures market. An element of African Products' procurement has been a hedging strategy that reduces the impact when maize prices rise while keeping the maize price stable into a second season if the market price falls. The average maize market price during the period of planting for the 2003 season was some 50% higher than the prevailing maize price at the end of June 2003. The resultant valuation adjustment on maize procurement contracts of R255 million has resulted in a loss before interest and tax of R218 million.

The property market in the area between Umhlanga and Zimbali in KwaZulu-Natal in which Moreland operates has continued to grow and has out-performed the national average. This market strength and the availability of high value residential, commercial and industrial land resulted in revenue for the half-year increasing by 30% to R65 million with profit before interest and tax increasing to R20 million.

OUTLOOK

The Group's operations remain sound with continued growth in sales volumes expected in the second half. Each of the Group's businesses is implementing actions to improve profitability, the full benefits of which will be felt in 2004 and should result in an improvement in earnings for that year.

Valuation adjustments will continue to have either a positive or negative impact on headline earnings. Key valuation adjustments for the second half of 2003 will be made against the base of an average maize price of R846 per ton and exchange rates of R7,48/US dollar and R12,37/GB pound, set on 30 June 2003.

At an average exchange rate of R7,50 per US dollar for the second half, underlying operating profit for that period will be below that of the first half of 2003, with a sensitivity of approximately R8 million for every 10 South African cents move against one US dollar.

For and on behalf of the board

C M L Savage
Chairman

P H Staude
Chief Executive

Amazimnyama, Tongaat, KwaZulu-Natal

1 August 2003

DIVIDEND DECLARATION

Notice is hereby given that the board has declared an interim dividend (number 152) of 40 cents per share for the half-year ended 30 June 2003 to shareholders recorded in the register at the close of business on Friday 29 August 2003.

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

Last date to trade ordinary shares "CUM" dividend	Friday	22 August 2003
Ordinary shares trade "EX" dividend	Monday	25 August 2003
Record date	Friday	29 August 2003
Payment date	Thursday	4 September 2003

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 25 August 2003 and Friday 29 August 2003, 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 22 August 2003.

For and on behalf of the board

M A Kennedy
Group Secretary

Amazimnyama, Tongaat, KwaZulu-Natal

1 August 2003

CORPORATE INFORMATION

Executive directors: D G Aitken, B G Dunlop, A Fourie, G R Hibbert, G P N Kruger, S J Saunders, M Serfontein, P H Staude (Chief Executive)

Non-executive directors: D D Barber, L Boyd, E le R Bradley, E K Diack, M W King, J B Magwaza, M Mia, T H Nyasulu, C M L Savage (Chairman), R H J Stevens, A M Thompson

Alternate directors: J A Thomas, G F Young

Registered office: Amazimnyama Hill, Tongaat, KwaZulu-Natal, P O Box 3, Tongaat 4400
Telephone (032) 439 4000, Facsimile (032) 945 3333

Transfer secretaries: Computershare Limited,
70 Marshall Street, Johannesburg, 2001, P O Box 61051, Marshalltown, 2107
Telephone (011) 370 7700, Facsimile (011) 688 7709

Additional information about the Group is available at our website: www.tonga.co.za

CASH FLOW STATEMENT

	Unaudited Half-year 30 June 2003	Unaudited Half-year 30 June 2002 Restated	Audited Year ended 31 December 2002
Rmillion			
(Loss)/earnings before interest and tax	(142)	344	658
Adjustment for exchange rate translation loss	61	57	151
Depreciation and amortisation	108	90	209
Provisions	(1)	16	20
Other non-cash items	26	7	131
Net interest	(62)	(55)	(100)
Tax payments	(31)	(23)	(39)
Change in working capital	(30)	63	(321)
Cash flow from operations	(71)	499	709
Property, plant and equipment:			
New project expenditure	(136)	(53)	(167)
Replacement expenditure	(57)	(47)	(56)
Major plant overhaul costs capitalised	(43)	(39)	(39)
Growing crops	(78)	(43)	(12)
Proceeds on disposal of property, plant and equipment	40	8	36
Investments	1		(1)
Net cash flow	(344)	325	470
Borrowings raised/(repaid)	504	(246)	(226)
Dividends paid	(193)	(211)	(292)
Shares issued	2	6	8
Net decrease in cash resources	(31)	(126)	(40)
Cash resources at beginning of period	938	1 125	1 125
Exchange rate translation loss	(61)	(57)	(151)
Mark-to-market adjustment on available for sale assets	(4)	4	4
Cash resources at end of period	842	946	938

NOTES

	Unaudited Half-year 30 June 2003	Unaudited Half-year 30 June 2002 Restated	Audited Year ended 31 December 2002
Rmillion			
1. Valuation adjustments on financial instruments and other items			
Maize procurement contracts	(255)	15	(20)
Translation of foreign currency:			
- offshore cash holdings	(61)	(57)	(151)
- other	(25)	(12)	(15)
Export receivables	(22)	(14)	(26)
Financial instruments	(12)	(6)	(3)
	(375)	(74)	(215)
2. Net interest paid			
Interest paid	(170)	(149)	(306)
Financial instrument income	83	71	149
Interest received	25	23	57
	(62)	(55)	(100)
Increased borrowings from R931 million at 31 December 2002 to R1 457 million at 30 June 2003 arose from the funding of operations and expenditure on property, plant and equipment, resulting in the increase in interest paid.			
3. Tax			
Tax on (loss)/earnings before exceptional items			
- Normal	(7)	(8)	(21)
- Deferred	60	(39)	(82)
- S T C	(24)	(16)	(26)
Tax on exceptional items	2		2
	29	(63)	(127)
4. Capital commitments			
Contracted	95	66	90
Approved but not contracted	107	113	221
	202	179	311
5. Operating lease commitments	37	40	44
6. Guarantees and contingent liabilities	55	17	44
7. Basis of preparation			
The unaudited results of the Group for the half-year ended 30 June 2003 have been prepared on a basis consistent with the audited annual financial statements at 31 December 2002. The accounting policies of the Group conform with South African Statements of Generally Accepted Accounting Practice. The interim report has been prepared in accordance with AC127: Interim Financial Reporting.			

In preparing its financial statements for the year ended 31 December 2002, the Group adopted AC 423: Property, Plant and Equipment – Major Inspection or Overhaul Costs and AC 137: Agriculture (and as a consequence no longer accounts for its sugar operations on a seasonal basis) and accounted for maize futures and option contracts as derivatives or cash flow hedges where the requirements for hedge accounting have been met. Comparative figures for the six months to 30 June 2002 have been restated for these accounting policy changes. This has had a R13 million unfavourable effect on the prior half-year's earnings after tax and resulted in equity reducing by R85 million, property, plant and equipment by R62 million, investment in associate by R16 million, working capital by R230 million and deferred tax by R18 million with an increase in growing crops of R205 million.

SEGMENTAL ANALYSIS

	Unaudited Half-year 30 June 2003	Unaudited Half-year 30 June 2002 Restated	Audited Year ended 31 December 2002
Rmillion			
REVENUE			
Tongaat-Hulett Sugar	1 427	1 336	2 864
Hulett Aluminium (50%)	773	745	1 623
African Products	756	678	1 470
Moreland	65	50	146
Group total	3 021	2 809	6 103
UNDERLYING OPERATING PROFIT			
Corporate	(10)	(11)	(34)
Tongaat-Hulett Sugar	183	193	391
Hulett Aluminium (50%)	0	108	179
African Products	40	93	246
Moreland	20	4	20
Group total	233	387	802
(LOSS)/EARNINGS BEFORE INTEREST AND TAX			
Corporate	(24)	(17)	(58)
Tongaat-Hulett Sugar	159	188	420
Hulett Aluminium (50%)	(18)	88	136
African Products	(218)	107	220
Moreland	20	4	20
Triangle dividend		31	71
Exchange rate translation loss	(61)	(57)	(151)
Group total	(142)	344	658

HEADLINE (LOSS)/EARNINGS

	Unaudited Half-year 30 June 2003	Unaudited Half-year 30 June 2002 Restated	Audited Year ended 31 December 2002
Rmillion			
Total net (loss)/earnings	(190)	207	401
Surplus on sale of fixed assets	(1)	(3)	(9)
Goodwill amortised	1	1	2
Other			(1)
Headline (loss)/earnings	(190)	205	393

BALANCE SHEET

	Unaudited Half-year 30 June 2003	Unaudited Half-year 30 June 2002 Restated	Audited Year ended 31 December 2002
Rmillion			
Assets			
Property, plant and equipment	4 237	4 189	4 144
Growing crops	219	205	168
Long-term receivable	210	210	210
Investments	14	42	29
Derivative instruments	36	111	51
Inventories	1 553	1 264	1 463
Accounts receivable	1 095	1 002	982
Cash resources	842	946	938
Total assets	8 206	7 969	7 985
Equity and liabilities			
Equity	4 160	4 400	4 567
Minority interests in subsidiaries	5	5	5
Deferred tax	953	972	1 012
Borrowings – long and short-term	1 457	1 107	931
Provisions	244	241	245
Derivative instruments	156	3	186
Accounts payable	1 231	1 241	1 039
Total equity and liabilities	8 206	7 969	7 985
Number of shares (000)			
- in issue	101 461	101 299	101 352
- weighted average (basic)	101 370	101 221	101 269
- weighted average (diluted)	101 883	103 312	102 870
Net asset value per share (cents)	4 100	4 344	4 506
Debt to equity ratio	28,5%	20,6%	16,7%

STATEMENT OF CHANGES IN EQUITY

	Unaudited Half-year 30 June 2003	Unaudited Half-year 30 June 2002 Restated	Audited Year ended 31 December 2002
Rmillion			
Balance at beginning of period	4 567	4 389	4 389
Effect of changes in accounting policies		(72)	(7)
Restated balance	4 567	4 317	4 382
Total net (loss)/earnings for the period	(190)	207	401
Dividends paid	(193)	(211)	(292)
Movement in cash flow hedge reserve	(31)	59	57
Movement on available-for-sale assets	(4)	4	4
Currency exchange rate changes	3	11	(14)
Share capital issued	2	6	8
Share of associate's reserves	6	7	21
Balance at end of period	4 160	4 400	4 567