The Tongaat-Hulett Group Limited

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

INTERIM RESULTS

for the half-year ended 30 June 2005

- **Revenue of R3,1 billion** (2004: R3,0 billion)
- **Operating profit of R319 million** (2004: R157 million)
- **Headline earnings of R208 million** (2004: R53 million)
- **Interim dividend of 120 cents per share** (2004: 50 cents per share)

INCOME STATEMENT

Rmillion	Note	Unaudited Half-year 30 June 2005	Unaudited Half-year 30 June 2004 Restated for IFRS	Audited Year ended 31 December 2004 Restated for IFRS
Revenue		**3 091**	2 950	6 298
Operating profit	1	**319**	157	358
Net financing costs	2	**(35)**	(70)	(93)
Share of associate company's (loss)/earnings		**(13)**	(12)	6
Profit before tax		**271**	75	271
Tax	3	**(55)**	(14)	(41)
Net profit		**216**	61	230
Attributable to:				
Equity holders		**216**	55	220
Minority interest			6	10
		216	61	230
Headline earnings attributable to equity holders	4	**208**	53	206
Earnings per share (cents)				
Net profit per share				
Basic		**210,4**	54,2	216,3
Diluted		**205,9**	53,8	214,0
Headline earnings per share				
Basic		**202,6**	52,2	202,5
Diluted		**198,3**	51,9	200,4
Dividend per share (cents)		**120,0**	50,0	170,0
Currency conversion				
Rand/US dollar average		**6,21**	6,67	6,44
Rand/US dollar closing		**6,68**	6,23	5,65
Rand/GB pound closing		**11,98**	11,29	10,84

SEGMENTAL ANALYSIS

Rmillion	Unaudited Half-year 30 June 2005	Unaudited Half-year 30 June 2004 Restated for IFRS	Audited Year ended 31 December 2004 Restated for IFRS
REVENUE			
African Products	**616**	650	1 344
Hulett Aluminium (50%)	**1 005**	819	1 671
Moreland	**186**	272	420
Tongaat-Hulett Sugar	**1 284**	1 209	2 863
Group total	**3 091**	2 950	6 298
OPERATING PROFIT			
African Products	**32**	7	43
Maize procurement contracts valuation		18	18
Hulett Aluminium (50%)	**90**	44	74
Moreland	**77**	117	181
Tongaat-Hulett Sugar	**83**	29	111
Triangle dividend		21	51
Restructure costs	**(3)**	(23)	(29)
Corporate	**(11)**	(30)	(52)
Exchange rate translation gain/(loss)	**39**	(28)	(47)
Exceptional items	**12**	2	8
Group total	**319**	157	358

STATEMENT OF CHANGES IN EQUITY

Rmillion	Unaudited Half-year 30 June 2005	Unaudited Half-year 30 June 2004 Restated for IFRS	Audited Year ended 31 December 2004 Restated for IFRS
Balance at beginning of period	**4 347**	4 193	4 193
Effect of transition to IFRS		(15)	(15)
Accounting for fair value hedges as required by IAS 39 (Revised)	**(5)**		
Restated balance	**4 342**	4 178	4 178
Net profit	**216**	55	220
Dividends paid	**(123)**	(81)	(132)
Share capital issued	**31**	4	30
Share-based payment reserve	**8**	4	10
Hedge reserve released to income statement	**(4)**	17	27
(Losses)/gains from cash flow hedges	**(14)**	6	9
Share of associate's movement in currency translation reserve	**(7)**	5	(4)
Currency exchange rate changes	**(19)**	(3)	9
Equity holders' interest	**4 430**	4 185	4 347
Minority interests in subsidiaries	**65**	12	71
Balance at beginning of period	**71**	6	6
Share of profit		6	10
Currency exchange rate changes	**(6)**		1
Shares of a subsidiary issued to the minority			54
Equity	**4 495**	4 197	4 418

RECONCILIATION OF PREVIOUS SA GAAP TO IFRS

Rmillion	Audited Year ended 31 December 2004	Unaudited Half-year 30 June 2004	IFRS transition date 1 January 2004
Balance sheet			
Equity			
As previously reported – SA GAAP	4 357	4 199	4 193
Effect of goodwill now recorded in Meticais and translated at the closing exchange rate	(14)	(16)	(15)
Share-based payment reserve	13	7	3
Effect of changes on income statement:			
Current period	(6)	(2)	
Prior periods	(3)	(3)	(3)
Equity holders' interest	4 347	4 185	4 178
Minority interests in subsidiaries previously reported outside of equity	71	12	6
Equity restated – IFRS	4 418	4 197	4 184
Income statement			
Net profit as previously reported	226	57	
Effect of transition to IFRS	(6)	(2)	
Share-based payment charge	(8)	(3)	
Goodwill no longer amortised	2	1	
Net profit attributable to equity holders restated – IFRS	220	55	

Basis of preparation

The unaudited results of the Group for the half-year ended 30 June 2005 have been prepared in accordance with the Group's accounting policies which fully comply with International Financial Reporting Standards (IFRS). The Group is reporting under IFRS for the first time for the year ending 31 December 2005. Comparative figures have accordingly been restated. The transition to IFRS has resulted in the Group adopting IFRS 2 (Share-based Payment) and accounting for goodwill in terms of IFRS 3 (Business Combinations). The Group continues to account for its Zimbabwean operations, including Triangle Sugar, on a dividend received basis.

The disclosures required by IFRS 1 (First-time Adoption of International Financial Reporting Standards) concerning the transition from South African Statements of Generally Accepted Accounting Practice (SA GAAP) to IFRS and the requisite changes in accounting policies are set out in the table above.

COMMENTARY

Headline earnings improved to R208 million compared to R53 million in the first half of 2004. Earnings momentum is building as the strategy of growing earnings from the Group's four strategically placed and focused operations is being executed. Operating profit increased to R319 million from R157 million in 2004.

Hulett Aluminium increased operating profit to R180 million in the first half of 2005 (2004: R88 million), with the Group's share being 50% thereof. Rolled Products production increased to 168 000 tons annualised and sales volumes grew by 20% to 172 000 tons annualised. There was encouraging growth of value added exports by customers in the local market. Export sales volumes increased by 19% and sales opportunities well exceed the company's available capacity. There has been sustained growth in higher value, more demanding export products, as sales of can end stock increased by 37%, closure sheet by 25% and heat treated plate by 15%. The benefit of improved international rolling margins in the first half of 2005 was reduced by the 7% stronger average Rand/US dollar exchange rate. Conversion costs per ton reduced by 15% as a result of greater output and the increase in total rolled products conversion costs being limited to less than 3%. The Rolled Products operation is well on track to further increase volumes in the second half of 2005, towards the full capacity which exceeds 200 000 tons per annum. The extrusion business achieved a sound operating profit performance.

African Products has converted to the new maize procurement and product pricing model, and earnings volatility from maize valuations has been eliminated. Operating profit of R32 million is comparable to R7 million in 2004. Sales for the first four months were priced when maize was at import parity and this, together with low co-product prices, placed the business under pressure. The maize price moving towards export parity, as a result of the maize surplus in South Africa, started benefiting the business significantly from May 2005. African Products' profit recovery is progressing. Sales of prime domestic products increased by 3,6% to 183 500 tons, with success in regaining volumes lost to imports. Actions are underway to reduce maize carrying costs, lower fixed costs, increase operating efficiencies and develop new business opportunities.

Tongaat-Hulett Sugar's operating profit increased to R83 million (2004: R29 million) before Triangle dividends and restructure costs. Sales volumes in South Africa at 215 430 tons (2004: 211 767 tons) and raw sugar export volumes at 172 680 tons (2004: 120 345 tons) have increased due to growth in the domestic market and the sale of higher export stocks carried into 2005 from 2004 production. The small, drought-affected South African crop harvested in 2004 was nevertheless larger than the 2003 crop. The increased production volume resulted in a decrease in the cost per ton of sugar carried forward and sold in the first half of 2005. This, together with the improved sales tonnages and export realisations, has increased margins. The benefits of actions taken to enhance earnings are beginning to be realised. These include rationalisation of milling capacity, reduction in milling costs, cane procurement projects, head office closure, leveraging of the Huletts brand and other refining value chain initiatives. A dividend equivalent to US dollar 2,9 million was declared by Triangle Sugar Zimbabwe, of which the first US dollar 1,8 million was remitted in July and consequently no dividends have been brought to account in the first six months (2004: R21 million). Second half earnings are expected to improve with the higher 2005 sugar production and increasing benefits from the earnings enhancing initiatives. A Rand/ US dollar exchange rate at R6,60 and a world sugar price above 9 US c/lb will improve export realisations per ton by approximately 11% in the second half of 2005.

Tongaat-Hulett's sugar production for the 2005 year is expected to grow by 12% to 1,2 million tons. Production from South African operations is estimated to increase by 11% to 802 000 tons sugar (2004: 723 000 tons) while that of Mozambique is expected to rise by 28% to 109 000 tons (2004: 85 000 tons). In Swaziland, Tambankulu is expected to produce the raw sugar equivalent of 52 000 tons (2004: 50 000 tons). Triangle is expected to produce 250 000 tons of sugar (2004: 222 000 tons).

Moreland's operating profit for the half-year was R77 million (2004: R117 million). The industrial and commercial portfolios delivered strong performances. The resorts portfolio started benefiting in June from replenished stocks. The residential portfolio's performance was lower mainly due to the delay in obtaining development approvals for the La Lucia Ridge Executive Village site, which are expected to occur in the second half of the year. The strength of the KwaZulu-Natal property market is expected to continue, with relatively low interest rates and the continual broadening of the market boding well for good performances across all portfolios. Progress has been made in securing environmental impact, zoning and development approvals for a number of major projects to ensure that sufficient serviced stocks are available to capitalise on demand. New phases of current projects and new niche projects are scheduled to be launched within the next six months. Negotiations are already underway on a few large sites at Mdloti South, Sibaya and Umhlanga Triangle.

The Group has reduced its exposure to valuation gains and losses on financial instruments, which are included in operating profit. The majority of the valuation adjustments comprised of a foreign cash translation gain of R39 million (2004: loss of R28 million). Net financing costs have decreased mainly as a result of lower interest rates, reduced maize finance costs and changes in the funding of the Mozambique sugar business. The tax charge includes the benefit of the 1% reduction in the South African company tax rate and the consequent R28 million release from the deferred tax provision.

The board has declared an interim dividend for the half-year of 120 cents per share (2004: 50 cents per share).

A POSITIVE OUTLOOK

Tongaat-Hulett is growing earnings, benefiting from management actions both completed and underway across the Group and capitalising on the improved economic conditions in the areas where it operates. Actions include proactive optimisation of capacity utilisation, enhancement of sales mix, improvement of raw material procurement, growth of volumes, reduction of costs and capitalising on the Group's property development platform. The benefits will increasingly be reflected in future financial results. Considerable earnings growth is expected to be reported for the full year.

For and on behalf of the board

C M L Savage – Chairman

P H Staude – Chief Executive Officer

Amanzimnyama, Tongaat, KwaZulu-Natal
29 July 2005

DIVIDEND DECLARATION

Notice is hereby given that the board has declared an interim dividend (number 156) of 120 cents per share for the half-year ended 30 June 2005 to shareholders recorded in the register at the close of business on Friday 26 August 2005.

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

Last date to trade ordinary shares "CUM" dividend	Friday	19 August 2005
Ordinary shares trade "EX" dividend	Monday	22 August 2005
Record date	Friday	26 August 2005
Payment date	Thursday	1 September 2005

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 22 August 2005 and Friday 26 August 2005, 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 19 August 2005.

For and on behalf of the board

M M L Mokoka
Group Secretary

Amanzimnyama, Tongaat, KwaZulu-Natal
29 July 2005

BALANCE SHEET

Rmillion	Unaudited Half-year 30 June 2005	Unaudited Half-year 30 June 2004 Restated for IFRS	Audited Year ended 31 December 2004 Restated for IFRS
Assets			
Non-current assets			
Property, plant and equipment	**4 072**	4 130	4 115
Growing crops	**223**	205	185
Long-term receivable	**210**	210	210
Goodwill	**21**	21	23
Derivative instruments	**8**	20	36
Investments	**61**	7	23
	4 595	4 593	4 592
Current assets	**3 361**	3 559	3 560
Inventories	**1 230**	1 307	1 649
Trade and other receivables	**1 414**	1 455	1 108
Cash and cash equivalents	**717**	797	803
Total assets	**7 956**	8 152	8 152
Equity and liabilities			
Capital and reserves			
Share capital	**103**	101	102
Share premium	**789**	734	759
Non-distributable reserves	**18**	38	60
Retained income	**3 520**	3 312	3 426
Equity holders' interest	**4 430**	4 185	4 347
Minority interests in subsidiaries	**65**	12	71
Equity	**4 495**	4 197	4 418
Deferred tax	**862**	867	854
Long-term borrowings	**244**	324	255
Provisions	**279**	264	271
Derivative instruments	**28**	41	52
Current liabilities	**2 048**	2 459	2 302
Trade and other payables (note 8)	**1 030**	1 305	1 171
Short-term borrowings	**988**	1 136	1 125
Tax	**30**	18	6
Total equity and liabilities	**7 956**	8 152	8 152
Number of shares (000)			
– in issue	**102 920**	101 590	102 248
– weighted average (basic)	**102 674**	101 499	101 718
– weighted average (diluted)	**104 889**	102 197	102 791
Debt to equity	**27,4%**	34,8%	31,2%
Net debt to equity	**11,5%**	15,8%	13,1%

CASH FLOW STATEMENT

Rmillion	Unaudited Half-year 30 June 2005	Unaudited Half-year 30 June 2004 Restated for IFRS	Audited Year ended 31 December 2004 Restated for IFRS
Operating profit	**319**	157	358
Net financing costs	**(35)**	(70)	(93)
Non-cash items:			
Depreciation	**135**	109	231
Other non-cash items	**(80)**	(19)	17
Tax payments	**(17)**	(16)	(71)
Change in working capital	**(31)**	(93)	(203)
Cash flow from operating activities	**291**	68	239
Expenditure on property, plant and equipment:			
New	**(60)**	(23)	(81)
Replacement	**(27)**	(46)	(78)
Major plant overhaul costs capitalised	**(34)**	(34)	(32)
Growing crops disposals		21	20
Proceeds on disposal of property, plant and equipment	**23**	16	44
Investments	**(59)**	(9)	(19)
Net cash flow before dividends and financing activities	**134**	(7)	93
Dividends paid	**(123)**	(81)	(132)
Net cash flow before financing activities	**11**	(88)	(39)
Borrowings (repaid)/raised	**(158)**	112	32
Hedges of foreign loans	**(9)**	(11)	(35)
Shares issued	**31**	4	30
Shares of a subsidiary issued to the minority			54
Net (decrease)/increase in cash resources	**(125)**	17	42
Cash resources at beginning of period	**803**	808	808
Exchange rate translation gain/(loss)	**39**	(28)	(47)
Cash resources at end of period	**717**	797	803

NOTES

1. Operating profit

Operating profit includes results of operations, Triangle dividends, restructure costs, valuation adjustments and exceptional items, as disclosed in the segmental analysis.

Rmillion	Unaudited Half-year 30 June 2005	Unaudited Half-year 30 June 2004 Restated for IFRS	Audited Year ended 31 December 2004 Restated for IFRS
2. Net financing costs			
Interest paid	**(72)**	(189)	(275)
Financial instrument income	**16**	98	112
Interest received	**21**	21	70
	(35)	(70)	(93)
3. Tax			
Normal	**(29)**	(34)	(51)
Deferred	**(43)**	25	22
Rate change adjustment (deferred)	**28**		
Secondary tax on companies	**(11)**	(5)	(12)
	(55)	(14)	(41)
4. Headline earnings			
Profit attributable to equity holders	**216**	55	220
Less after tax effect of surplus on sale of fixed assets	**(8)**	(2)	(14)
	208	53	206
5. Capital expenditure commitments			
Contracted	**64**	73	52
Approved but not contracted	**150**	62	86
	214	135	138
6. Operating lease commitments	**31**	34	57
7. Guarantees and contingent liabilities	**48**	47	34

8. Trade and other payables

Included in trade and other payables is the maize obligation (interest bearing) of R99 million (30 June 2004: R203 million and 31 December 2004: R218 million).

CORPORATE INFORMATION

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

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

Alternate directors: J Thomas, G F Young

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Transfer secretaries: Computershare Investor Services 2004 (Pty) Limited, Telephone: +27 11 370 7700

Sponsor: Investec Bank Limited, Telephone: +27 11 286 7000