



The Tongaat-Hulett Group Limited

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

AUDITED RESULTS AND FINAL DIVIDEND DECLARATION

for the year ended 31 December 2002

- Revenue up 22% to R6,1 billion
- Operating earnings up 24% to R738 million
- Unrealised translation loss of R151 million
- Headline earnings per share down 36% to 388,1 cents
- Headline earnings per share excluding translation adjustment up 30% to 523,4 cents
- Unchanged annual dividend of 270 cents per share

INCOME STATEMENT

Rmillion	2002	2001 Restated
Revenue – continuing operations	6 103	4 993
Continuing operations		
Operating earnings	738	596
Triangle dividend	71	76
Net interest paid	(100)	(75)
Earnings from continuing operations	709	597
Exchange rate translation (loss)/gain	(151)	255
Discontinued operations		(11)
Earnings before exceptional items	558	841
Exceptional items	6	(5)
Earnings before tax	564	836
Tax	(127)	(199)
Earnings before exceptional items	(129)	(209)
Exceptional items	2	10
Earnings after tax	437	637
Share of associate company's loss	(36)	(20)
Minority shareholders' share of loss		1
Total net earnings	401	618
Headline earnings	393	608
Earnings per share (cents)		
Total net earnings		
Basic	396,0	612,3
Diluted	389,8	606,2
Headline earnings		
Basic	388,1	602,4
Diluted	382,0	596,4
Headline earnings excluding translation loss/gain		
Basic	523,4	401,3
Diluted	515,2	397,3
Dividend per share (cents)	270,0	270,0
Interim	80,0	62,0
Final	190,0	208,0

HEADLINE EARNINGS

Rmillion	2002	2001 Restated
Total net earnings	401	618
Less after tax effect of:		
Exceptional items	(8)	(5)
Surplus on disposal of plant and equipment		(5)
Headline earnings	393	608

EFFECT OF CHANGES IN ACCOUNTING POLICIES

Rmillion	2002	2001
Operating earnings prior to accounting policy changes	726	584
Effect of changes:		
African Products	(20)	51
Tonga-Hulett Sugar	32	(39)
Operating earnings per Income Statement	738	596

CASH FLOW STATEMENT

Rmillion	2002	2001 Restated
Operating earnings from continuing operations	738	596
Dividends received from subsidiaries	71	76
Net interest	(100)	(75)
Earnings from discontinued operations		(11)
Non-cash items:		
Depreciation	170	159
Provisions	20	40
Other non-cash items	131	(86)
Tax payments	(39)	(19)
Change in working capital	(321)	113
Cash flow from operating activities	670	793
Property, plant and equipment:		
New project expenditure	(167)	(232)
Replacement expenditure	(56)	(46)
Growing crops	(12)	(26)
Net proceeds on disposal of property, plant and equipment	36	33
Investments	(1)	(60)
Disposal of subsidiaries		111
Dividends paid	(292)	(214)
Net cash flow	178	359
Borrowings repaid	(226)	(242)
Shares issued	8	9
Net movement in cash resources	(40)	126
Cash resources at beginning of year	1 125	699
Exchange rate translation (loss)/gain	(151)	255
AC 133 adjustment	4	45
Cash resources at end of year	938	1 125

COMMENTS

The Group has delivered strong growth in volumes, revenue and operating earnings for the year to 31 December 2002, assisted by the weak Rand which prevailed generally throughout the year but which had strengthened significantly by year end.

Revenue from continuing operations rose by 22 percent to R6,1 billion and operating earnings were 24 percent higher at R738 million. The year end valuation of underlying reserves of GBP 42 million pertaining to offshore cash resources resulted in an unrealised translation loss of R151 million, compared with a corresponding gain of R255 million last year. This has resulted in headline earnings per share declining by 36 percent. Excluding the translation adjustment, headline earnings per share increased by 30 percent to 523,4 cents.

At 31 December 2002, the Group was in a net cash positive position for the first time since the commencement of the major investments in African Products and Hulett Aluminium. Over the past two years, the Group has approved some R550 million for investment in projects all focussed on unlocking more value from existing businesses.

The board has declared a final dividend of 190 cents per share, which, together with the interim dividend of 80 cents per share, amounts to an unchanged total dividend for the year of 270 cents per share.

OPERATIONAL PERFORMANCE

African Products delivered a strong performance in 2002. Overall volumes grew from 578 000 tons in 2001 to 616 000 tons driven by the ten percent growth in domestic sales. A drop in export volumes from 71 000 tons in 2001 to 64 000 tons, precipitated by the high maize price and a strong Rand was offset by improved product mix that realized higher margins. Operating earnings for the year before interest but after AC133 (Financial Instruments: Recognition and Measurement) adjustments were R220 million (2001- R199 million). During the year African Products changed its accounting policy for maize procurement contracts and in compliance with AC133 now marks to market derivative instruments. As a consequence operating earnings for 2002 have reduced by R20 million and those for 2001 have increased by R51 million.

In a year in which the international market has seen depressed demand and pressure on margins, Hulett Aluminium increased revenue by 28 percent to R3,2 billion, showing a 35 percent compound annual growth rate over the last three years. Growth in sales volumes was achieved in both the local and export markets, including increased sales of more profitable products. Rolled Products sales volumes in the last quarter improved significantly and were 23 percent ahead of the average sales in the first nine months of the year. The financial benefits of the improved sales during the last quarter were offset by pressure on international rolling margins and by the sharp movement in the value of the Rand. Operating earnings before interest grew by two percent to R272 million, the Group's 50 percent share of which amounted to R136 million (2001 - R134 million).

Moreland achieved a strong cash flow performance in 2002 and increased revenue by eight percent to R146 million in spite of the four interest rate hikes and high property rates on vacant land in Durban.

Increased cane and sugar production, improved export realizations as well as higher returns and restructuring in Swaziland and Mozambique enabled Tongaat-Hulett Sugar to increase operating earnings by 49 percent to R420 million for 2002 (2001- R281 million). The results incorporate the adoption of AC 137 (Agriculture) and the move away from seasonal accounting. Overall this had the effect of reducing operating earnings in 2001 by R39 million and increasing 2002 by R32 million.

Triangle Sugar, in Zimbabwe, which is accounted for to the extent that dividends are received, continues to operate resiliently in a demanding environment. In 2002 dividends received from Triangle totalled R71 million (2001- R76 million) net of withholding tax, representing a seven percent reduction on last year. Difficult trading conditions are likely to persist in 2003. Concerns exist over the future remitability of dividends from Zimbabwe.

ACCOUNTING POLICIES

The accounting policies of the Group conform with South African Statements of Generally Accepted Accounting Practice and are consistent with those applied in the previous year, except for the changes detailed below.

The Group has adopted AC 137 (Agriculture) and as a consequence no longer accounts for its sugar operations on a seasonal basis. In addition maize futures and option contracts are accounted for as derivatives or cash flow hedges where the requirements for hedge accounting have been met. Comparative figures have been restated for these accounting policy changes, where applicable. This has had a R9 million favourable effect on the prior year's earnings after tax and resulted in equity reducing by R18 million, property, plant and equipment by R84 million, working capital by R89 million and deferred tax by R14 million with increases in growing crops of R132 million and derivative assets of R9 million. Current year earnings after tax have increased by R9 million as a result of the change in accounting policies.

AUDITED RESULTS

The results for the year ended 31 December 2002 have been audited by Deloitte & Touche. Their unqualified audit opinion is available for inspection at the registered office of the company.

OUTLOOK

The Group's results are increasingly impacted by changes in the value of the Rand, particularly when substantial moves away from inflation differentials occur. Changes to international accounting standards and their application, a more volatile Rand, a maize price with a stronger dollar correlation, and increased exports all add to the impact on results.

The Group is focussing on all controllables and has the ability and the capacity to increase revenues during the coming year and will continue efforts to reduce its cost base.

In the near term, the business climate for all operations, mainly as a result of the strengthening of the Rand, is challenging. Should the Rand remain at current levels, earnings for 2003 will be lower than those for 2002.

For and on behalf of the board

C M L Savage
Chairman

P H Staudé
Chief Executive

DIVIDEND DECLARATION

Notice is hereby given that the board has declared a final dividend (number 151) of 190 cents per share for the financial year ended 31 December 2002 to shareholders recorded in the register at the close of business on Friday 28 March 2003.

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

Last date to trade ordinary shares "CUM" dividend	Thursday 20 March 2003
Ordinary shares trade "EX" dividend	Monday 24 March 2003
Record date	Friday 28 March 2003
Payment date	Thursday 3 April 2003

Share certificates may not be dematerialised or rematerialised, nor may transfers between registers take place between Monday 24 March 2003 and Friday 28 March 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 Thursday 20 March 2003.

For and on behalf of the board

M A Kennedy
Group Secretary

19 February 2003

CORPORATE INFORMATION

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

Non-executive directors: D D Barber, L Boyd, E le R Bradley, E K Diack, M W King, 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: Amanzimnyama Hill, Tongaat, KwaZulu-Natal, P O Box 3, Tongaat 4400
Telephone (032) 439 4000, Facsimile (032) 945 3333

Transfer secretaries: Computershare Investor Services 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

BALANCE SHEET

Rmillion	2002	2001 Restated
Assets		
Property, plant and equipment	4 144	4 191
Growing crops	168	165
Long-term receivable	210	210
Investments	29	56
Derivative instruments	51	308
Inventories	1 463	1 330
Accounts receivable	982	855
Cash resources	938	1 125
Total assets	7 985	8 240
Equity and liabilities		
Shareholders' equity	4 567	4 382
Minority interests in subsidiaries	5	5
Deferred tax	1 012	912
Borrowings – long and short-term	931	1 502
Provisions	245	225
Derivative instruments	186	122
Accounts payable	1 039	1 092
Total equity and liabilities	7 985	8 240
Number of shares (000)		
– in issue	101 352	101 125
– weighted average (basic)	101 269	100 934
– weighted average (diluted)	102 870	101 945
Net asset value per share (cents)	4 506	4 333

STATEMENT OF CHANGES IN EQUITY

Rmillion	2002	2001 Restated
Balance at beginning of period	4 382	4 038
Effect of changes in accounting policies		(18)
Restated balance	4 382	4 020
Total net earnings for the year	401	618
Dividends paid	(292)	(214)
Share capital issued	8	9
Hedge reserve released to income statement	41	
Gains/(losses) from cash flow hedges	16	(41)
Gains on available for sale assets	4	13
Share of movement in associate's currency translation reserve	21	(7)
Currency exchange rate changes	(14)	(14)
AC 133 adjustment		(2)
Balance at end of period	4 567	4 382

OTHER SALIENT FEATURES

Rmillion	2002	2001 Restated
Included in operating income		
Foreign exchange (loss)/gain	(38)	84
Changes in fair value of financial instruments	(51)	80
Depreciation	170	159
Net interest paid	(100)	(82)*
Interest paid	(306)	(304)
Financial instrument income	149	127
Interest capitalised		27
Interest received	57	68
* Includes R7 million relating to discontinued operations		
Exceptional items		
Surplus on sale of property held as fixed assets	9	9
Goodwill amortised	(2)	(3)
Surplus on disposal of subsidiaries		7
Loss on disposal of operations		(8)
Impairment of assets		(8)
Other	(1)	(2)
Exceptional items before tax	6	(5)
Tax	2	10
Exceptional items after tax	8	5
Capital commitments	311	142
Contracted	90	75
Approved but not contracted	221	67
Operating lease commitments	44	40
Guarantees and contingent liabilities	44	12
Applicable exchange rates		
R/GB pound average	15,8	12,4
R/US dollar average	10,5	8,6
R/GB pound closing	13,8	17,4
R/US dollar closing	8,6	12,0

SEGMENTAL ANALYSIS

Rmillion	Revenue	EBIT	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2002							
African Products	1 470	220	1 659	454	1 450	107	77
Hulett Aluminium(50%)	1 623	136	2 626	843	2 402	31	34
Moreland	146	20	405	114	292		
Tonga-Hulett Sugar Corporate	2 864	420	2 330	628	1 853	80	58
		(58)	965	362	949	5	1
Continuing operations	6 103	738	7 985	2 401	6 946	223	170
Triangle dividend		71					
Exchange rate translation loss		(151)					
Group total	6 103	658	7 985	2 401	6 946	223	170
2001 (Restated)							
African Products	1 085	199	1 551	535	1 293	52	65
Hulett Aluminium (50%)	1 270	134	2 890	1 128	2 605	107	28
Moreland	135	28	456	110	351		
Tonga-Hulett Sugar Corporate	2 503	281	2 192	781	1 794	116	56
		(46)	1 151	387	1 105	2	1
Continuing operations	4 993	596	8 240	2 941	7 148	278	150
Triangle dividend		76					
Exchange rate translation gain		255					
Discontinued operations	472	(4)					9
Group total	5 465	923	8 240	2 941	7 148	278	159