



TA HOLDINGS LIMITED

STATEMENT TO SHAREHOLDERS ON UNAUDITED RESULTS FOR
THE 6 MONTHS TO 30 JUNE 2002

1. GROUP PROFIT AND LOSS STATEMENT

	6 months to 30/06/2002 \$000	Historical Cost 6 months to 30/06/2001 \$000	12 months to 31/12/2001 \$000
Turnover			
Continuing operations	5,031,112	1,746,641	4,183,183
Discontinuing operations	132,331	69,700	197,158
	5,163,443	1,816,341	4,380,341
Operating profit before finance charges			
Continuing operations	345,066	182,979	344,457
Discontinuing operations	(322)	10,469	52,367
	344,744	193,448	396,824
Finance Charges	(17,499)	(38,412)	(18,400)
Continuing operations	(16,282)	(36,220)	(16,266)
Discontinuing operations	(1,217)	(2,192)	(2,134)
Share of associated companies profits	447,770	151,674	956,386
Group profit before exceptional items	775,015	306,710	1,334,810
Exceptional items	-	339,000	40,706
Profit before tax	775,015	645,710	1,375,516
Taxation	(358,960)	(114,559)	(447,158)
Profit after tax	416,055	531,151	928,358
Minority interests	(137,084)	(78,710)	(185,406)
Profit attributable to shareholders	278,971	452,441	742,952
Preference dividend	(2,037)	(3,107)	(6,213)
Profit attributable to ordinary shareholders	276,934	449,334	736,739
Headline earnings per share(cents)-basic	173.1	59.7	464.1
Basic earnings per share	173.1	283.0	464.1
Fully diluted earnings per share (cents)	172.2	276.0	467.4
Interest cover	19.7	5.0	21.6

2. ABRIDGED BALANCE SHEET

	30/06/2002	30/06/2001	31/12/2001
Equity and liabilities			
Shareholders' equity	2,699,200	1,824,091	2,213,468
Minority interests	2,367,854	1,060,254	1,322,501
Deferred tax	115,629	41,915	13,711
Interest bearing debt			
Long to medium term	765,997	33,798	460,953
Short term	31,285	329,807	138,644
Current liabilities	3,045,048	1,199,657	1,984,188
Unearned insurance premiums	997,913	234,946	448,523
Life assurance fund	4,275,761	3,053,105	4,098,052
	14,298,687	7,777,573	10,680,040
Assets			
Property, plant and equipment	4,029,993	1,677,140	2,223,201
Investments	6,498,698	4,393,151	6,288,957
Current assets	3,769,996	1,707,282	2,167,882
	14,298,687	7,777,573	10,680,040

3. GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital \$000	Capital Reserves \$000	Retained Earnings \$000	Total \$000
Balance at 31 December 2001	99,402	1,198,063	916,003	2,213,468
Profit for the year			276,934	276,934
Ordinary Shares Issued	123	184		307
Net Effect of Revaluation of Investments		(56,580)		(56,580)
Exchange adjustment on translation of shareholders equity in foreign subsidiary		361,516		361,516
Ordinary dividend paid			(96,445)	(96,445)
Balance at 30 June 2002	99,525	1,503,183	1,096,492	2,699,200

4. GROUP CASH FLOW STATEMENT

	6 months to 30/06/2002 \$000	6 months to 30/06/2001 \$000	12 months to 31/12/2001 \$000
Cash utilised in/(generated from) operations and exceptional items	(43,637)	453,531	527,215
Net finance charges paid	(17,499)	(38,412)	(18,400)
Income tax paid	(63,566)	(51,552)	(67,662)
Net cash (outflow)/inflow from operating activities	(124,702)	363,567	441,153
Net cash (paid in)/received from investing activities	(272,158)	(1,944,229)	(2,724,477)
Net cash received from financing activities	476,481	1,505,610	2,070,110
Net increase/(decrease) in cash and cash equivalents	79,621	(75,052)	(213,214)
Cash and cash equivalents at beginning of period	413,795	258,597	258,597
Effect of foreign currency translation	309,873	133,544	368,412
Cash and cash equivalents at end of period	803,289	317,089	413,795

5. SUPPLEMENTARY INFORMATION

5.1 Depreciation	100,948	100,400	160,054
5.2 Capital Expenditure	593,300	70,000	578,000
5.3 Capital Commitments	28,500	212,000	182,383
5.4 Contingent Liabilities	236,000	120,000	200,000
5.5 Investments and Loans			
Associated companies	928,838	379,438	930,176
Listed investments	3,223,615	1,538,561	4,176,047
Unlisted investments*	2,346,245	2,457,152	1,166,321
Other non current assets-loans	-	18,000	16,413
	6,498,698	4,393,151	6,288,957

*Unlisted investments include government and municipal bonds

The listed and unlisted investments are accounted for at market and directors valuations respectively.

COMMENTARY

The operating environment under which these results are being reported has been challenging with the economy continuing to spiral downwards. Inflation increased from 112% in December 2001 to 122% in June 2002. The official exchange rate remained pegged at \$55 to the US dollar while the parallel exchange rate exceeded Z\$600 at the end of June 2002. A critical shortage of food due to drought and disruption of farming activities, scarcity of foreign currency and negative real interest will continue to influence the performance of the economy and your company until a lasting solution is found.

OPERATING PERFORMANCE

Inflation Adjusted Results (IAS29)

The directors recognise the need to comply with all International Accounting Standards and will present inflation adjusted financial statements with the annual audited financial statements. Comments on the operating performance are in respect of the historical cost financial information unless otherwise stated.

Historical Cost Results

In spite of the environmental challenges, the results for the six months to June were pleasing and represent a 250% increase in group profit before tax and exceptional items. The restructuring of the group is beginning to pay dividends as the results are derived primarily from continuing businesses. Profit attributable to shareholders amounted to \$277 million compared to \$110 million (excluding exceptional items) for the comparable six months period in the prior year, a 2.5 times increase. The significant improvement in results is more clearly demonstrated by the headline earnings which went up by nearly 290%. The positive results also reflect the very low gearing within the group unlike previous years when the group seriously suffered from a heavy burden of debt and high interest rates.

The results would have been better but for the continued decline in regional and international tourist arrivals. Our associates in the foods and fertilizer industries continue to be affected by the scarcity of foreign currency, high input costs and price controls. However, management have responded to the challenges extremely well and the results are a positive contribution to overall group profitability.

SECTORAL PERFORMANCE

	Turnover \$million	Operating Profit/(Loss) \$million	Net Finance Charges \$million	Profit Before Tax \$million
Continuing Operations				
Insurance	2,721	611	-	611
Hotels	2,290	(152)	(33)	(185)
Corporate and other operations	20	(115)	17	(98)
Associate companies	-	-	-	448
	5,031	344	(16)	776
Discontinuing Operations				
	132	-	(1)	(1)
	5,163	344	(17)	775

Insurance

Gross written premium of Zimnat Lion exceeded prior year comparative period by 218% well above average inflation at 116%. The increase was driven by the upward revision of sums insured in line with inflation, acquisition of new direct business and the use of the averaging principle on motor claims. A stronger balance sheet resulting from the listing of the company on the Zimbabwe Stock Exchange facilitated the sourcing of direct business from small to medium size business and a successful restructuring of reinsurance treaties led to the reduction of the re-insurance ratio by eight percentage points from 51% to 43%. The company was able to control overhead expenses and claims to below industry norms which contributed to an increase in profit attributable to shareholders by 52% compared to the same period in the previous year. Investment income fell due to a depressed stock market in the first half of the year. A dividend of three cents per ordinary share has been declared in line with the company's dividend policy.

Zimnat Life, with a significant stock market portfolio in the financial services sector, experienced a 53% drop in investment income due to the re-rating of that sector in the first half of the year. Premium income was also depressed with group business experiencing zero growth. Overhead expenses will require greater attention if inflation remains unabated. The net result of a slow down in the overall increase in gross premiums, the negative effects of hyperinflation and uncontrolled depreciation of the dollar on expenses and claims was an unsatisfactory 10% increase in the life fund.

Hotels

The hotel industry continues to decline with regional and international arrivals dropping to 25% of 1999 levels. Cresta Zimbabwe more than doubled its revenues compared to the same period in the prior year by focusing on domestic market including conference business. Although occupancies at 52% were above market average, yield was low due to thin margins, which resulted in the company making a small profit in the six months to June 2002.

In Botswana the same regional factors negatively impacted on occupancies and consequently the overall results. Cresta Marakanelo remains profitable albeit at a reduced level. The industry in general is positive and expects a turnaround following the increase in international arrivals in South Africa. Competition from new entrants remains a significant factor in achieving profitability.

The Namibian operation continues to suffer from the downturn in the regional and international tourist arrivals as well as the "greenfield" project effect. The hotel has accumulated significant losses and liabilities, which TA is seeking to mitigate through the restructuring of the company. The losses from Cresta Pandu Ondangwa hotel continue to be a significant contributor to the overall loss in the hotel sector. Costs related to the restructuring of the hotel industry contributed to the overall loss.

Associates

Associated company profits contributed 58% of profit before tax. Sable Chemical Industries Limited and Zimbabwe Fertiliser Company Limited were the largest contributors, in spite of price controls, which depressed performance. Blue Ribbon Industries Limited and United Refineries Limited also suffered from price controls. The authorities subsequently gave some dispensation to adjust prices upwards although these were well below the rate of inflation. AON continued to perform above expectation.

Discontinuing Operations

Sammys, the fast food outlet has now been sold but TA will continue to benefit from franchise fees based on the use of the Sammys name and logo. Sabata Holdings Limited contributed positively to TA's results although it has been earmarked for disposal.

BALANCE SHEET

Shareholder's funds increased by Z\$485.7 million of which Z\$180.5 million was due to profitability during the period. An increase of Z\$305.2 million was due to the retranslation of shareholders equity in a foreign subsidiary.

Borrowings

Of the US\$1.8 million external liability at the beginning of the year, US\$1.0 million has been restructured and is now denominated in Botswana Pula, matching the Pula loan with Pula revenue flows hence reducing the group's currency exposure. The balance of US\$800 000 has been partly repaid leaving an amount of US\$380 000 at the end of June 2002.

Investment, Property plant and equipment

The increase in property, plant and equipment reflects exchange adjustments arising from the re-translation of assets in foreign subsidiaries and additions especially information technology in the insurance subsidiaries.

Outlook

The sociopolitical and economic environment remains volatile and is not conducive to forecasting the performance of businesses, suffice it to say that management continue to be positive and will apply the same diligence and innovation in meeting the challenges ahead. Management believe that the group will remain profitable in the foreseeable future.

A number of transactions are planned in the coming months, which if successfully concluded will result in increased shareholder value. In addition, the group is continuing to explore opportunities in the region and the continent as a whole and shareholders will be informed of these at an appropriate time.

Declaration of Interim Dividend to Preference Shareholders

Notice is hereby given that a dividend for the six months period ended 31 May 2002 at the rate of 19% per annum on the nominal value of the cumulative convertible redeemable preference shares amounting to \$2 037 000 has been declared payable in Zimbabwe currency on or before 30 September 2002 to preference shareholders registered in the books of the company on 31 May 2002.

Interim Ordinary Dividend

Your board has decided not to pay an interim ordinary dividend in respect of the period under review. The directors consider it prudent to liquidate the foreign currency denominated liability of US\$380 000 as a priority.

Directors

Mr. N. Hayes resigned from the Board at the end of the last Annual General Meeting. The board and management acknowledge his significant contribution to the group.

By order of the Board
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A R T MANZAI

For: Company Secretary
27 August 2002

Directors: S Mutasa (Chairman)*, H A G Bhadella, K J Bucknor, P W T Chipudhla, F Daniels, A J Hermann, M Z Nyabadza, W H Turpin
* Executive