ANNUAL REPORT

2003

Taking Action

Recovery and Growth

The Tongaat-Hulett Group Limited

Year ended 31 December 2003

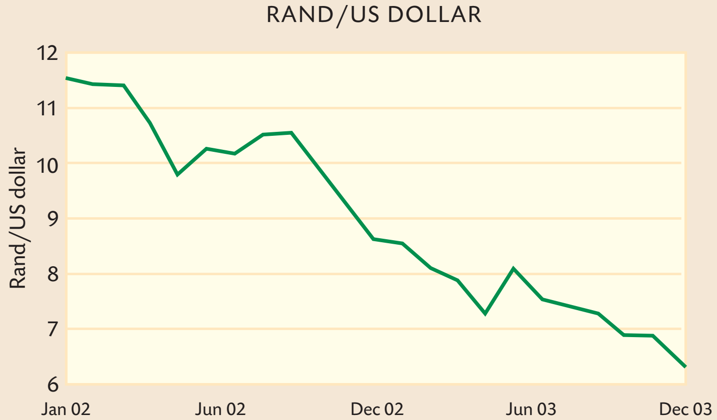
TAKING ACTION

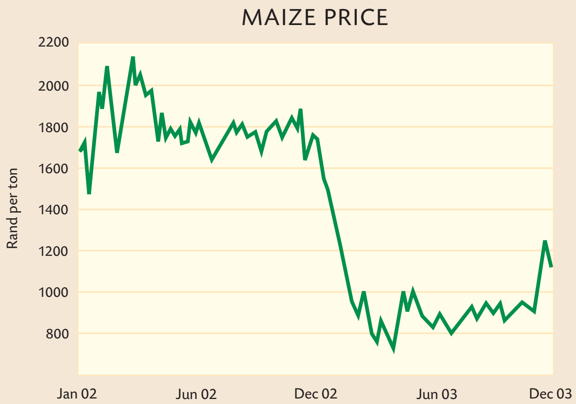
RECOVERY AND GROWTH

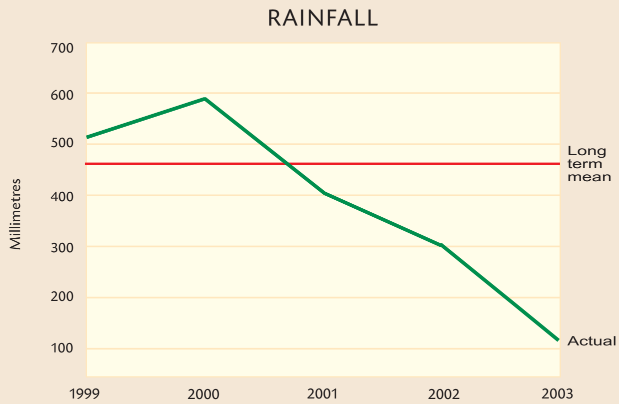
CONTENTS

ADVERSE EXTERNAL ENVIRONMENT

2003







Rainfall in critical growing areas for January to March.

TAKING ACTION

2003 PROGRESS

Unlocking Value from the Asset and Business Base

- Hulett Aluminium took another step forward in unlocking value from its expansion by achieving a R300 million benefit from increased capacity utilisation, enhanced sales mix and cost performance. This improvement was offset by the impact of the currency movement on the 2003 results.
- African Products began changing its maize procurement strategy to align with changing customer pricing requirements.
- Moreland accelerated its earnings to record levels by posting a 350% increase in operating profit, the bulk of which came through in the second half of 2003. This was achieved from the platform of established property developments, confirming its status as one of South Africa's premier land developers.
- The Sunday Times Markinor survey of South Africa's top brands again voted Hulettss® the fifth most admired food brand and sixth favourite brand overall, measured in terms of awareness as well as trust and confidence.
- Voermol Feeds contribution to Tongaat-Hulett Sugar's earnings in 2003 was more than double that of the previous year.

Reducing the Cost of Running the Business

- Hulett Aluminium continues to reduce the average conversion cost per ton of rolled products. Total manufacturing costs, excluding aluminium purchases, were limited to an increase of only 2% notwithstanding the 24% increase in sales volumes.
- African Products held fixed costs below the comparable spend in 2002.
- Tongaat-Hulett Sugar has embarked on a course of action to transform itself to ensure future success. It announced that it would cut head office overheads by half and close the Entumeni sugar mill in South Africa.

Growing Volumes and Optimising Capacity Utilisation

- Moreland grew revenue by 55% and concluded a joint venture agreement with Kuwait-based resort property developers and operators, IFA Hotels and Resorts, that adds substantial value to existing and future Zimbali properties. A prime example of the potential value is the recent sale of a 2 600 square metre beachfront site for R4,5 million.
- Hulett Aluminium continues to be one of the world's fastest growing independent aluminium rolled products companies with its rolled products operation increasing sales volumes by 24% to 130 000 tons in 2003, including a record production level of over 150 000 tons annualised achieved in December.
- Hulett Aluminium increased its exports of rolled products by close to 40% during the year. The enhanced sales mix was highlighted by the 60 US dollar per ton increase in average export margin despite a lacklustre global market. Exceptional growth was achieved in high margin products, including a more than doubling in exports of can-end products and a 37% increase in exports of painted products.
- Sugar production in Mozambique increased by 15% to 82 000 tons and domestic market sales grew by 68%. The rehabilitated sugar mill at Xinavane was officially re-opened by President Chissano of Mozambique in June 2003.
- African Products' Kliprivier mill achieved a new record grind rate of over 900 tons per day meeting peak demand during November 2003 and has the capacity to take advantage of future growth opportunities. The plant was set up for a maximum grind rate of 800 tons per day and subsequently increased to 1 200 tons per day.
- New product development at African Products saw the first commercial formulation of adhesives and the successful production of carboxymethyl starch for application trials.

Sustainable Development and Corporate Governance

- The continued commitment to accountable governance enabled the Group to achieve King II implementation and compliance.
- The Group's safety performance improved every quarter during 2003, with the lost time injury frequency rate almost halving over the year.
- Total Black Economic Empowerment procurement spend for the year amounted to R522 million, representing 15% of total available spend.
- Employment Equity achieved throughout the Group includes African, Coloured and Indian representation of 22% in top management, 33% in senior management, 50% in middle management, and 76% in skilled and supervisory positions.

TAKING ACTION

THE ROAD AHEAD IS CLEAR

Tongaat-Hulett Sugar – Transforming to ensure future success

- Move to a leaner and flatter structure and a more decentralised management approach. In the South African operations, 2 regional structures will replace the 5 mill structures with people at operating centres assuming greater responsibility and accountability for overall performance.
- Reduce head office overheads by at least 50% with the closure of the 180 people La Lucia head office and downsizing and re-positioning of centralised services by April 2004. Closure of this head office will see the leadership team of 14 joining our offices at Amanzimnyama in Tongaat.
- Milling and refining costs are targeted to reduce by 10% and 30% respectively.
- Leverage our technology base as part of a lean manufacturing strategy and improve its commercial capabilities, focusing on future growth opportunities.
- Optimise capacity utilisation at all our mills through cane procurement initiatives, together with additional available cane supplies following the closure of the Entumeni mill.
- Achieve a turnaround in Mozambique through increased access to preferential export markets, continued growth in domestic market sales and an increase in cane and sugar production towards full capacity of 156 000 tons per annum. A positive contribution to earnings is targeted for 2004.
- Manage Triangle Sugar Zimbabwe proactively and focus on the remittance of dividends.
- All these actions have the potential to improve our profitability by at least R150 million per annum.

African Products – Implementing a new approach to restore earnings

- Change maize procurement and local customer interface with the bulk of maize pricing being done on a back-to-back basis when product prices are agreed with customers. This will be entrenched by the end of 2004 and will substantially reduce the volatility arising from valuation adjustments.
- Reduce the cost of running the business through improving procurement practices, further increasing plant efficiencies and lowering fixed costs. The trend of keeping fixed overheads below 2002 levels will be continued in 2004.
- Improve earnings through volume growth. This will be achieved by regaining our position over imports and through local market growth, driven by the increasing demand for starch and glucose. We will continue the progress in new business development initiatives with new applications for existing products and the manufacture of new products at existing plants.

Hulett Aluminium – Growing volumes, enhancing sales mix and reducing costs

- Grow rolled products output by at least 20% in 2004, towards a target of 185 000 tons within the next three years and above 200 000 tons beyond 2006.
- Enhance our sales mix through increased production of higher margin rolled products such as can end stock, painted coil and clad products. Exports of can end stock should double again over the next two years and there is a targeted increase of 50% in painted coil exports in 2004.
- Reduce manufacturing costs per ton with conversion costs remaining largely fixed while volumes grow, combined with further cost saving opportunities. Important breakthroughs in energy and recycling costs, together with further cost saving opportunities, are expected to exceed R75 million per annum.

Moreland – Accelerating earnings

- Capitalise on the solid platform of leading property developments and 10 000 hectares of prime land which is under pressure from urban expansion, in a strong property market. The present assessment of the current value of this land, once developed by Moreland, exceeds R1,5 billion.
- Grow earnings from its project pipeline which has an array of world class developments. Unlock full value from Zimbali, Umdloti, La Lucia Ridge, Umhlanga Ridge, RiverHorse Valley Business Estate and Shongweni.
- Explore opportunities to expand the business model to move beyond land development and into downstream income earning opportunities such as IFA's resort development activities at Zimbali.

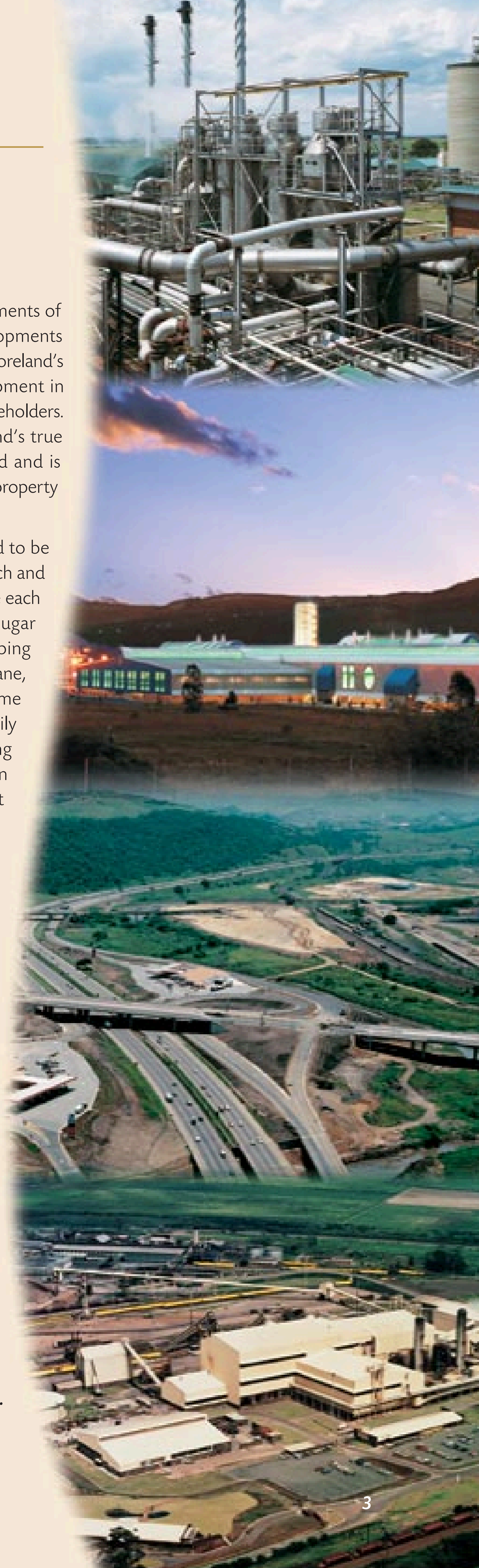
Tongaat-Hulett has transformed itself over the past decade from a diversified industrial conglomerate to a Group with four closely linked and focused businesses.

The Group has its roots as far back as the nineteenth century and is the largest listed corporate with its head office in KwaZulu-Natal. It has a proud history in Southern Africa and employs some 30 000 people.

Tongaat-Hulett has an outstanding record of employment equity and leverages its diversity as a competitive strength, promoting the achievement of exceptional performance in a team environment. The emphasis is on a decentralised management approach with people at operating centres taking greater responsibility for their performance. Tongaat-Hulett recognises the importance of having the ability to optimise synergies and draw on expertise on a Group wide basis. The Group will capitalise on the opportunities to grow and to increase the return on capital employed, utilising its strong asset base and the capabilities of its people.

Tongaat-Hulett has been the guiding force behind Hulett Aluminium since acquiring it in 1973. The R2,4 billion rolled products expansion was officially opened in November 2000 by President Thabo Mbeki. This major investment for Tongaat-Hulett was a significant milestone in its vision of creating an export orientated aluminium rolling business. Hulett Aluminium is challenging the paradigm of the three large multinationals that dominate the aluminium rolling industry and that control more than 70% of the world's capacity. They are located close to customers in high cost parts of the world in an industry that has more than 40% excess capacity. Hulett Aluminium is an independent low cost manufacturer of sophisticated high value semi-fabricated aluminium products and, as a result of its small worldwide market share, is able to optimise its capacity utilisation and maximise the profitability of its product mix. It received the top accolade in the prestigious State President's Award for Export Achievement in 2001, testimony to its phenomenal growth and increasing prominence. Today, it has over 250 customers in more than 60 countries around the world. In the years ahead it should prove to be one of the Group's best investments.

Tongaat-Hulett owns large tracts of land under cane close to a major Southern African metropolis. It realised that it would be under pressure from urban expansion, as cane land was converted to property developments, and recognised the need to protect and enhance the value of its land. Over the past decade, this pressure resulted in the closure of the sugar mill at Mount Edgecombe, now the site

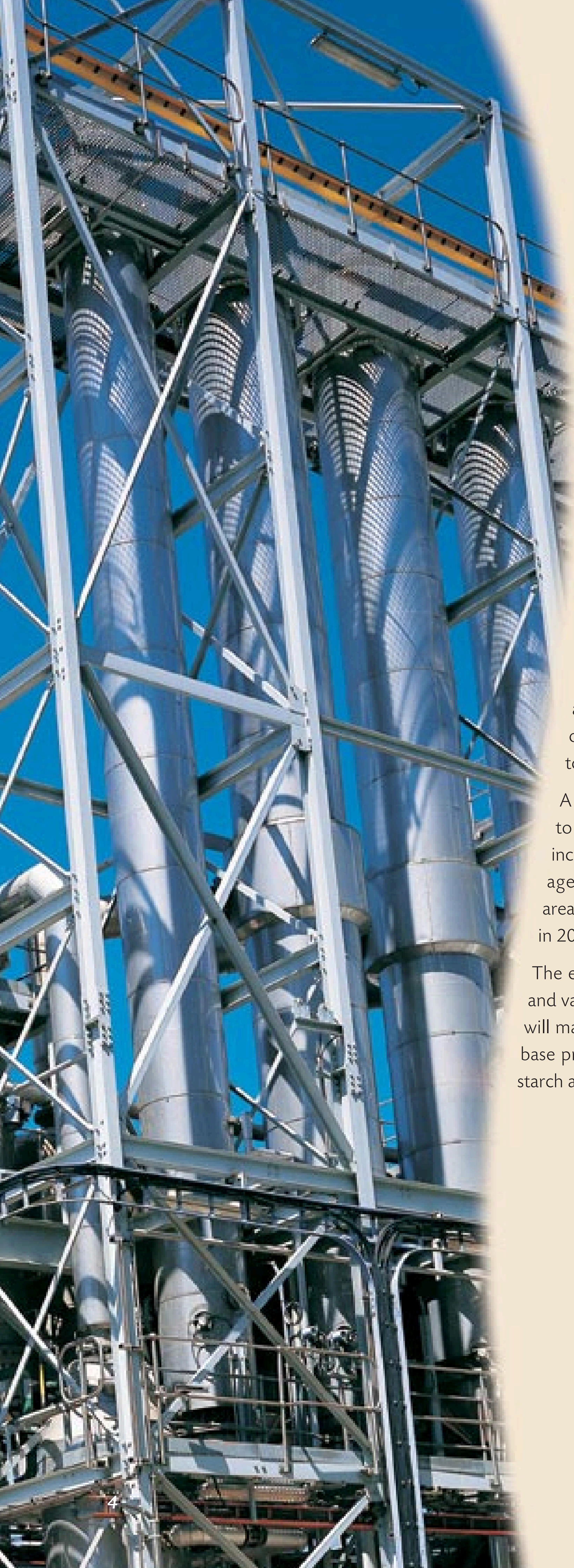


of one of Moreland's premier golf estate developments. Key elements of Moreland's success are the critical platform of established developments and the close planning relationship with local government. Today, Moreland's major strength is its expertise and capability to manage development in the Greater Durban area in order to unlock maximum value for shareholders. The second half of 2003 was an important indicator of Moreland's true potential. The Group owns some 25 000 hectares of cane land and is confident that it will successfully manage the dynamics of sugar and property development.

The Group purchased African Products in 1984 and it has proved to be an important acquisition. It is Africa's largest manufacturer of starch and glucose and its five mills convert more than 600 000 tons of maize each year into starch and its derivatives. African Products and the sugar business offer similar sweetener products in some key overlapping market sectors. In many ways what Tongaat-Hulett Sugar does to cane, African Products does to maize. Sugar, starch and glucose are some of nature's more versatile products. The Group has invested heavily in the business, primarily in the new Kliprivier mill. Underlying domestic demand for starch and glucose is expected to remain strong and grow over the next few years. Tongaat-Hulett is confident that African Products will return to an attractive return on capital employed by 2005.

Tongaat-Hulett Sugar has a proud history in the Group that stretches back to its beginnings in 1892. Today, it is a world leader in process design and technology and has built a powerful brand in Huletts®. This business has transformed itself many times over the past century and has expanded beyond its origins in South Africa. Its investment at Triangle in Zimbabwe has proved to be a superb asset over the past decades and is waiting for the optimum timing to act on the growth opportunities that are presently on hold. It has also invested in Swaziland and Mozambique, which provides an immense opportunity to realise value in the years to come. A key factor for future investment and profitability will be the effect of changes to subsidies, market protection and preferential market access through liberalisation of world trade. It has an increased focus away from the narrow sugar definition to a much broader sweetener and bio-fuels approach. This business is transforming itself once again to ensure its future success.

Southern Africa needs industrial and commercial champions – companies that are based here, understand the region, its people and its opportunities. Companies with big muscle, big ambitions and big Southern African hearts. Tongaat-Hulett is such an organisation.



AFRICA'S DRIVING FORCE IN STARCH AND GLUCOSE

African Products, the continent's largest starch and glucose producer, converts over 600 000 tons of maize each year into starch and its derivatives.

African Products has established a powerful manufacturing base through its five mills, including the state-of-the-art wet mill at Kliprivier, and its Sorbitol production facility.

One of nature's most versatile raw materials, starch is a key component in a wide range of modern products, including foodstuffs and beverages, pharmaceuticals, packaging, textiles, adhesives and mining depressants. It also continues to attract attention for a host of new applications. To this end, our manufacturing facilities are set up with the capacity to take full advantage of growth in these product lines.

A modernisation programme has increased our capability to produce a wider range of more specialised products, including mining depressants, adhesives and textile sizing agents. Future developments are planned in these areas, with a number of new products planned for launch in 2004.

The earnings potential from both the base product lines and value-added products are significant. African Products will maintain a balanced approach between developing its base product lines and actively pursuing opportunities for starch and glucose in new applications.

HULETT

ALUMINIUM

SHAPING OUR FUTURE, TODAY

Hulett Aluminium is shaping a future of high achievement as we continue to grow our output of high value added products through the full utilisation of our state-of-the-art equipment. Underpinned by a business methodology focused on customer requirements, we are rapidly developing new products and international market positions.

Firmly established as an independent supplier of high quality aluminium semi-fabricated products to the global market, Hulett Aluminium is ideally placed to capitalise on its achievements as a quality supplier in an industry increasingly dominated by three large, integrated, multinational producers.

Hulett Aluminium is challenging the industry paradigm that high quality aluminium semi-fabricators need to be established in high cost developed regions in order to be close to major end-users. Situated in Africa, our growing international success is built on a low cost base coupled with world-class quality, delivery and flexibility.

We are strategically placed to capitalise on emerging opportunities. Supported by a proven product development track record, market positioning and capacity optimisation capability, we are growing sales as well as orientating our output towards more profitable products and regions in a large and diverse world market.

Although our activities span more than 60 countries, we are firmly rooted in South Africa, and the development of the local downstream manufacturing sector remains a key imperative. We are equally determined to develop our own capacity and culture, based on the talent and diversity of our people.

UNLOCKING THE VISION AND LAND VALUES

Moreland, one of South Africa's premier private sector land developers, is playing a key role in realising the Durban/Richards Bay coastal strip's potential as one of the SADC region's leading growth corridors whilst unlocking the value of its prime property in this area. Moreland is pursuing a co-ordinated growth and development strategy, which is largely underpinned by private/public partnerships, primarily with the eThekwini Municipality (Durban), that balances the imperatives of job creation with the need to protect and enhance the value of the Group's properties and environments.

Located on the prime coastal strip north of Durban, which is widely acknowledged as one of the fastest growing development nodes in South Africa, Moreland's projects comprise residential, industrial, commercial and resort developments.

Moreland is committed to the creation of the most sought-after balanced-community quality of life environment in Southern Africa and benchmarks its developments on international standards. Its development process has been characterised by three successive waves; starting in 1990 with suburban residential construction, followed by industrial expansion aimed at creating employment opportunities close to residential areas and a third wave of offices, schools, hospitals, places of worship, shopping, entertainment, recreation and resorts.

Moreland is keenly focused on protecting, enhancing and unlocking the value of more than 10 000 hectares of prime property, which is under pressure from urban expansion.

TONGAAT-HULETT SUGAR

IN PURSUIT OF GLOBAL COMPETITIVENESS

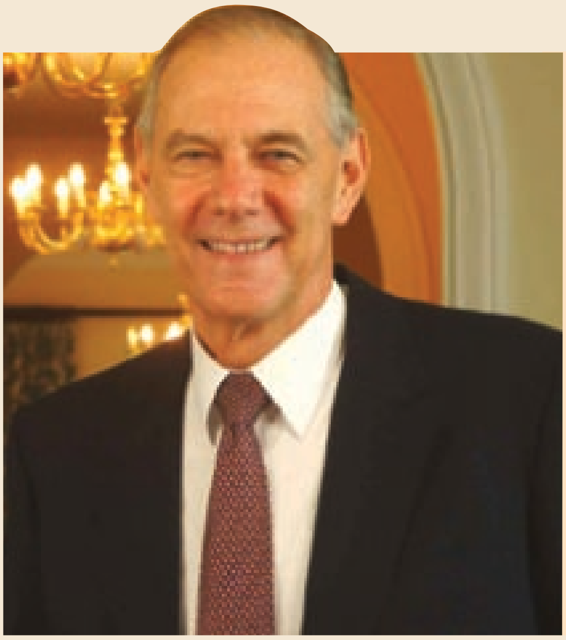
Arguably nature's most efficient source of carbohydrate, sugar cane is also a versatile raw material transcending conventional perceptions of its use.

With the long term trend of decreasing costs of sugar production internationally, Tongaat-Hulett Sugar is striving to maintain an internationally competitive cane growing and manufacturing base by the identification and elimination of all non-value adding processes and activities. A key to achieving this competitiveness lies in establishing leaner and flatter structures where people at operating level will be empowered to assume greater responsibility and accountability for Tongaat-Hulett Sugar's performance. The management of existing and new sugar manufacturing technologies will facilitate the effective execution of our business objectives. Technology management is a cornerstone of Tongaat-Hulett Sugar's 'lean' manufacturing strategy and will stimulate, support and leverage the continuous improvement of its operations. The matching of milling capacity to available cane supplies remains a key driver of low cost sugar production.

One of the foundations of Tongaat-Hulett Sugar's success remains the powerful Huletts® brand. In 2003 it was voted by an independent survey as the fifth most admired food brand in South Africa and sixth favourite brand overall, measured in terms of awareness as well as trust and confidence.

Tongaat-Hulett Sugar is increasingly seeing opportunities in environmentally sustainable energy generation from sugar cane. We continue to explore the co-generation of electricity and the expansion of ethanol production for use as a bio-fuel – initiatives that are certain to grow in significance given sugar cane's sustainable and renewable properties.

Having pioneered the production of bagasse and molasses-based animal feeds under the Voermol brand, our animal feeds operation continues to lead the pack with its range of energy and supplementary feeds, amongst others, as the cornerstone of its offerings to the livestock farming community.



THE GROUP HAS CONTINUED ITS TREND OF INCREASING SALES VOLUMES AND REVENUE FROM ITS LONG-TERM INVESTMENTS. THIS GROWTH IN TURN HAS MADE THE GROUP'S EARNINGS MORE SENSITIVE TO SWINGS IN THE EXCHANGE RATE AS EVIDENCED OVER THE LAST THREE YEARS.

"Tongaat-Hulett is an investor in Southern Africa for the long-term and those companies that are more likely to survive and grow will be those that actively increase their productivity, skills base and financial discipline."

The financial results for this year are disappointing, predominantly due to the adverse impact of the exchange rate, expensive maize procurement costs and generally depressed selling prices. These factors, together with the drought conditions being experienced, have affected earnings through reduced margins and negative valuation adjustments. Despite the disappointing performance, a final dividend of 80 cents has been declared, bringing the total dividend for 2003 to 120 cents per share.

The magnitude of currency fluctuations has indeed dented the South African economy and created an atmosphere of investment uncertainty. Within this environment, the subsequent strengthening of the rand highlighted inherent weaknesses in the manufacturing industry such as relatively high cost structures, poor productivity and the inability to plan for and adapt to rapidly changing external factors. Those companies that are more likely to survive and grow will be those that actively increase their productivity, skills base and financial discipline. We believe that Tongaat-Hulett is one of those companies and that our underlying competitiveness can best be achieved in an environment where there is reasonable stability in inflation, interest rates and currency value.

In last year's report I referred to the importance to South Africa (and to most of the developing world) of negotiating a solution at the WTO conference held in Cancun, Mexico in September 2003, on the issue of the unfair subsidisation of agricultural production and exports from the developed world. Unfortunately the talks collapsed but on the positive side, the disadvantaged countries have joined together in the G-20 group, which now has a greater voice than hitherto. Furthermore, the collapse of talks is likely to result in bilateral agreements being entered into which could benefit specific countries, including South Africa. Hopes of a fairer and more broadly geographic-based agricultural dispensation are not yet lost as the USA has recently started an initiative to rejuvenate the world trade talks.

It is pleasing to report that Tongaat-Hulett complies with the requirements of King II, in keeping with its record of accountable governance. The board places emphasis on corporate governance and the overall sustainability of the business and this is covered in more detail in this Annual Report. We are privileged to have a strong board of directors who offer years of experience and complementary skills, relevant in the increasingly complex world in which we do business.

Peter Staude has played a key role during these difficult times and continues to competently lead his management team. His skills in dealing with a dynamically changing external economic environment have been effectively applied and the board has every confidence in his ability. The action plans that the lead team have put forward to deal with the challenges facing the Group, as referred to in this Annual Report, are fully supported by the board.

I would like to take this opportunity to thank Eric Diack, who resigned from the board during the year and Doug Aitken, who is due to retire on 29 February 2004. The board has valued their contributions and wishes them well in the future. A warm welcome is extended to Philip Baum and Murray Munro who joined the board during the year.

Finally, I would like to express my sincere appreciation to my fellow board members for their support and wise counsel. This acknowledgement is extended to Peter and his lead team and the people at Tongaat-Hulett for their continuing loyalty, effort and dedication.

Cedric Savage
Chairman

Amanzimnyama
Tongaat, KwaZulu-Natal
20 February 2004

WE HAD PREVIOUSLY STRENGTHENED THE COHESION OF TOP MANAGEMENT AND EMPHASISED THE LEADERSHIP ROLES OF KEY INDIVIDUALS THROUGHOUT THE GROUP TOWARDS BEING MORE PROACTIVE, PARTICIPATIVE AND ACTION ORIENTATED. THIS WAS A SOURCE OF STRENGTH DURING 2003.

"Group wide initiatives to reduce the cost base, increase sales volumes and optimise capacity utilisation will provide benefits as the year progresses."

Tongaat-Hulett experienced a year dominated by a number of external developments that had a significant detrimental impact on the earnings performance of African Products, Tongaat-Hulett Sugar and Hulett Aluminium. This led to unsatisfactory results for the Group, notwithstanding considerable operational achievements and Moreland's record-breaking year.

The year highlighted the importance of having the ability to draw on expertise on a Group wide basis. The prevailing conditions acted as a catalyst to focus our efforts and energies on those actions that will best unlock future earnings from the considerable number of opportunities available, thereby driving recovery and growth.

Tongaat-Hulett enjoys an impressive asset and business base. Over the years, we have made substantial investments in facilities and people. This has provided a solid platform from which we are now moving forward.

We had previously strengthened the cohesion of top management and emphasised the leadership roles of key individuals throughout the Group towards being more proactive, participative and action orientated. This was a source of strength during 2003.

Our actions will result in a future earnings stream for the Group that will be impressive, particularly when external conditions turn in our favour.

FINANCIAL RESULTS

It is disappointing to report a headline loss of R93 million (2002: headline profit of R380 million) for the year ended 31 December 2003.

The strengthening of the Rand affected export revenue adversely and led to a decrease in domestic selling prices in the face of import threats. Current reductions to the cost base in the business were not sufficient to compensate for reduced margins. The sharp decline in the maize price in the first half of the year led to a charge against income on the valuation of maize procurement contracts. The movement in the exchange rate during the year resulted in negative valuation adjustments in respect of foreign currency denominated balance sheet items.

The low rainfall and the resultant reduced sugar production in South Africa, as well as the low world sugar price further negatively impacted underlying operating profit. The dividend received from Triangle Sugar in Zimbabwe was lower than the previous year.

Revenue grew by 7,5 percent to R6,6 billion and underlying operating profit amounted to R452 million (2002: R818 million).

African Products' prime domestic volumes declined by 1,5 percent as a result of increased competition from imports. Domestic prices had to be reduced significantly in order to retain business. Export volumes grew by 3,5 percent in 2003, with reduced contributions as a result of the strengthening Rand. Fixed costs were maintained at levels below those of 2002. The impact of the stronger currency combined with the cost of maize purchased in 2002 for the 2003/2004 season resulted in a reduction in underlying operating profit to R114 million (2002: R262 million).

Tongaat-Hulett Sugar's revenue grew by 13 percent as a result of increased sales volumes in South Africa and Mozambique, while underlying operating profit for the year declined to R263 million (2002: R391 million). The higher sales volumes were offset by lower margins.

Sugar production from South African operations at 652 000 tons was 24 percent lower than the previous year, resulting in an increase in the cost per ton of sugar produced. In addition, the domestic price of sugar decreased by some seven percent in October 2003 and export realisations declined as a result of the strengthening Rand.

In Mozambique, production increased by 15 percent and progress has been made in securing the domestic market against imports, with sales by domestic producers growing by 68 percent. The rehabilitation and growth at Xinavane and Mafambisse have not yet reached their potential. An operating loss at Xinavane combined with a high interest cost and valuation adjustments on foreign loans resulted in a loss being reported for this associate company. As a result of increased sugar production, Mafambisse achieved an underlying operating profit for the year.

Triangle Sugar in Zimbabwe continues to perform well in turbulent economic and business conditions. The decrease in dividends to R19 million (2002: R71 million) is attributable to the difficulty in the remittance of dividends from Zimbabwe.

Moreland reaped the benefit of the platform that it developed in past years and capitalised on the strong property market, posting a 55 percent increase in revenue to R226 million and a record operating profit of R92 million, whilst generating a strong positive cash flow. Record sales were achieved in the resorts and residential portfolios. Developments in the industrial and commercial portfolio progressed well and good sales were recorded.

Hulett Aluminium increased total sales volumes by 22 percent, with export volumes growing by 37 percent. Sales of rolled products increased to 130 000 tons (2002: 105 000 tons). The increase in total rolled products manufacturing conversion costs has been limited to two percent, notwithstanding the significant increase in sales volumes. These benefits have been offset by the effects of the strength of the Rand, coupled with low international rolling margins and the

THE LEAD TEAM

Seated left to right: **Murray Munro** *Group Financial Director,* **Peter Staude** *Chief Executive Officer,* **Bruce Dunlop** *Managing Director, Tongaat-Hulett Sugar,* **Steven Saunders** *Chairman, Tongaat-Hulett Sugar and Moreland.*
Standing left to right: **Menanteau Serfontein** *Group Human Resources Director,* **Gordon Hibbert** *Managing Director, Moreland,* **Nico Kruger** *Managing Director, African Products,* **Alan Fourie** *Managing Director, Hulett Aluminium.*

effect of a metal price lag on cost of sales. Underlying operating profit accordingly declined and the Group's 50 percent share amounted to R22 million (2002: R179 million). An improvement in earnings in the second half was achieved in spite of a stronger Rand and reflects the benefits flowing from the sustained growth in sales volumes.

For the Group as a whole, valuation items charged to the income statement amounted to R398 million for the year. The application of the exchange rate at 31 December 2003 resulted in a translation loss of R80 million for the year relating to offshore cash. Valuation adjustments in respect of export debtors, foreign loan hedges, foreign currency translation items and financial instruments amounted to a charge of R107 million, as a result of the Rand strengthening from R8,58/US dollar at the end of 2002 to R6,67/US dollar at the end of 2003. The maize price decreased substantially in 2003 and this impacted on the valuation of certain maize procurement contracts at African Products. The mark-to-market valuation adjustment required on these maize procurement contracts resulted in a charge to the income statement of R211 million for the year. The decrease of the maize price of some 40 to 45 percent in the first six months of the year resulted in a valuation charge at the half year of R255 million. There was an increase in the maize price towards the end of the year and a consequent gain of R44 million in the second half of the year. The maize futures position was reduced during the second half of 2003 as futures contracts were sold and replaced with contracts for physical delivery during 2004.

A total net loss of R41 million (2002: total net earnings of R388 million) was incurred by the Group for the year. The Board has declared a final dividend of 80 cents per share, which follows the interim dividend of 40 cents per share.

The Group continues to have the balance sheet strength and capacity to capitalise on opportunities to grow, with net borrowings as a percentage of equity at 13,4 percent, total assets of R8,3 billion and equity of R4,2 billion.

REVIEW OF OPERATIONS

AFRICAN PRODUCTS

"The 2003 financial year has been dominated by the rapid strengthening of the Rand and an equally rapid drop in the South African maize price. These twin developments were compounded by a growing threat of low priced imports."

Maize Position and its Impact on Profitability

During the planting season of 2002, African Products followed its long established practice of securing the bulk of its customers' maize requirements for the 2003/2004 seasons with a focus on price stability, genetically modified free status of maize, locality and other quality issues. That maize was purchased from various sources, including direct purchases from farmers, contracts with traders and the use of the futures market. An element of this procurement was a hedging strategy that reduced the impact when maize prices rose while keeping the maize price stable into a second season if the market price fell.

The South African maize market experienced a period of extreme volatility, with prices falling from nearly R2 000 per ton late in 2002 to below R800 per ton at one point in 2003. In the second half of 2003 prices stabilised to an extent, although a relatively sharp rise was experienced late in 2003 to levels of above R1 100 per ton for the July 2004 position.

The aforementioned procurement strategy and price volatility resulted in African Products having a long maize position and incurring valuation losses on certain procurement contracts. The Safex futures position of 412 000 tons at June 2003 was reduced to 169 000 tons at the end of December 2003 as futures contracts were sold and replaced by contracts for physical delivery in 2004.

The impact of the high volatility in the maize price as well as new customer pricing expectations have resulted in African Products changing its business model with respect to future maize procurement and product pricing. African Products will move towards this model once the current long maize position is utilised in 2004.

Local Market

The strong growth trend of the last few years continued in the first half of 2003 with volumes for the six months up by 5,3 percent against the previous year. In the second half, the impact of imports, both in the direct form of imported starch and glucose and in the indirect form of imported finished goods, resulted in declining volumes.

The second half of 2003 saw volumes 7,9 percent below the second half of 2002, resulting in overall local volumes being 1,5 percent below 2002 for the year as a whole. The underlying demand for starch

and glucose in South Africa grew by an estimated 1,5 percent in 2003.

Export Markets

Export contributions were considerably reduced as a result of the currency impact on realised prices. African Products maintained its presence in all export markets and grew its export volumes of 65 000 tons by 3,5 percent over the previous year. It will continue to explore export opportunities that offer meaningful contribution, while maintaining its presence in low contribution markets in order to capitalise on future opportunities.

International Trends in Starch and Glucose

The year 2003 was characterised by a significant movement of starch and glucose products around the world. In particular, the weakening of the US dollar has prompted China and the US to increase exports, while strong currency countries such as Australia and South Africa became more attractive target markets.

Starch and glucose prices started to increase towards the end of 2003, partly driven by rising freight rates and a firming world corn price.

HULETT ALUMINIUM

"Rolled Products, our major manufacturing operation, increased sales volumes by 24 percent to 130 000 tons in 2003, growing sales in an international market that showed little signs of recovery, while holding manufacturing conversion cost increases to two percent. Sales volumes of exported products grew by 37 percent enabled by increased manufacturing plant performance in Rolled Products. In December 2003 a record rolled products production level of over 150 000 tons annualised was achieved."

The impact on the 2003 results of the currency movement and time lags in raw material costs have masked the approximate R300 million benefit that was gained from improved capacity utilisation, more profitable sales mix and cost performance.

Growing Market Share

Hulett Aluminium continued to grow overall sales volumes, particularly in higher margin and more technically demanding products, in a lacklustre international market.

Exports of can-end stock, a demanding thin gauge and hard alloy product, have more than doubled in the past year. Growth in other higher value products, such as painted sheet and automotive clad products, has also been robust.

Following concerted efforts to develop the local downstream manufacturing market, particularly in the automotive and transport sectors, a number of customers are advanced in their planning and implementation of downstream investments, which should increase total sales in the local market by 20 percent in the next two years.

Late in 2003, international volumes and rolling margins were starting to respond to an improving world economy and a weaker dollar, both of which will enhance future profitability.

Hulett Aluminium continues to be one of the world's fastest growing independent aluminium rolled products companies. Alcoa has lodged an anti-dumping petition against a very narrow range of heat treated plate exported by Hulett Aluminium to the USA. Should anti-dumping duties be imposed, they are unlikely to have a significant impact on Hulett Aluminium or on sales to North America. The Group believes the case is without merit. Market response to this action has confirmed our position as a preferred supplier of high quality products to this market.

A Year of Manufacturing Breakthroughs

In November 2000, Hulett Aluminium commissioned the R2,4 billion expansion of its rolled products facility, lifting capacity from 54 000 tons to an estimated maximum in excess of 200 000 tons per annum. The process of ramping up production towards this target is progressing well, with output growing from 105 000 tons in 2002 to 130 000 tons in 2003.

An increase in production yields and other manufacturing achievements in key areas such as the remelt and the coating line are indicative of many start-up complexities and problems being overcome. We are increasingly confident in our ability to produce more high value products.

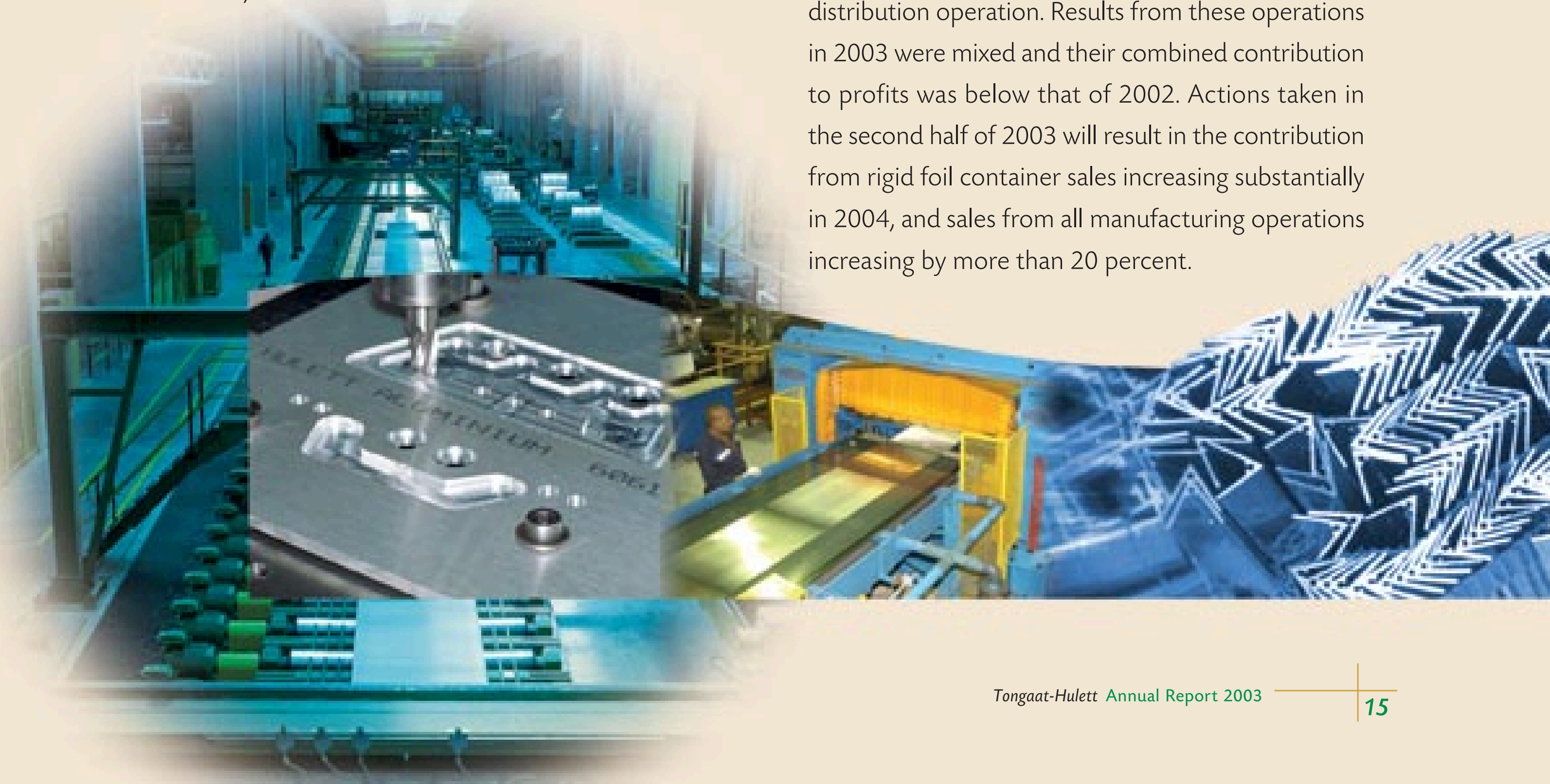
The manufacturing cost structure of the rolled products operation is largely fixed, and this, coupled with stringent cost containment and a strengthening Rand, led to limited cost increases.

Progress in Other Aluminium Operations

While much of the recent focus has been on the growth of the rolled products operation, Hulett Aluminium's other operations are sizable organisations in their own right.

Hulett-Hydro Extrusions has a major share of the market for extrusions in sub-Saharan Africa and achieved improved profits and cash flows during 2003. An expanding domestic architectural and transport sector point to a number of opportunities for future growth in Hulett-Hydro Extrusions.

The Commercial Products business produces a range of downstream products, including rigid foil containers, composite panels, roll formed sheet and high pressure cylinders. It also includes the Aluminium City distribution operation. Results from these operations in 2003 were mixed and their combined contribution to profits was below that of 2002. Actions taken in the second half of 2003 will result in the contribution from rigid foil container sales increasing substantially in 2004, and sales from all manufacturing operations increasing by more than 20 percent.



MORELAND

"The 350 percent increase in operating profit in 2003 confirmed Moreland's status as one of South Africa's premier private sector land developers. Taking full advantage of the booming property market, fuelled by reducing interest rates, and its leading-edge investments over the last decade, Moreland posted record earnings performance together with strong cash generation, with improvements in all portfolios."

A major milestone achieved during the year was the conclusion of an international deal in which we sold a 50 percent interest in our 400-hectare Zimbali Coastal Estate to International Financial Advisers (IFA) Hotels and Resorts, a Kuwaiti company with resort investments in Dubai, Portugal and Zanzibar that will partner Moreland in the further development of the estate and surrounding areas. The project encompasses the realignment of the M4 coastal highway to the west of the resort to create a single coastal-fronting land entity that adds substantial value to existing and future Zimbali properties. These proposals include a commitment by IFA to develop a five star internationally managed hotel on a 100-hectare resort incorporating a planned new 18-hole golf course.

Successful residential sales included the virtual sell out of Mount Edgecombe Country Club Estate Two and the sale of sought-after sea view apartment sites in Ilala Ridge, La Lucia. Sewer capacity constraints in Umhlanga delayed further phases of Ilala Ridge and the launch of Izinga Ridge. A solution has now been developed in conjunction with the eThekwini Municipality that will see the launch of these projects early in 2004.

Several new office buildings were erected by the purchasers of sites in the La Lucia Ridge Office Estate, in the vicinity of Unilever's award-winning headquarters serving the African continent. A number of retail buildings were commissioned in the Umhlanga Ridge

New Town Centre, including the flagship City Lodge Hotel, to complement Old Mutual's R1,4 billion Gateway Theatre of Shopping complex, bringing total commercial building development on the Ridge to more than 350 000 square metres. The completion of the first residential apartments near Gateway has set the scene for a truly mixed-use urban environment on the Umhlanga Ridge.

The first businesses have opened at the RiverHorse Valley Business Estate, a joint venture with the eThekwini Municipality straddling the N2 freeway at Effingham, which includes international investment in a Petroport by Total France. The strategic Nandi Drive interchange on the N2 has been completed recently by the City and will establish a road link through to Moreland's Briardene Industrial Park and into the Durban CBD by the end of 2004.

Moreland is increasingly earning revenue through its expertise in the management of property development. The largely city-funded uShaka Marine World is being project managed by Moreland and is due to open in the first half of 2004. The project is likely to be the catalyst for the renewal of the Durban–Point precinct. Moreland is also project-managing the Point Waterfront development around an ambitious waterway and canal system currently under construction. Following its market launch in April, sales of R60 million were achieved during the year.

Further north, Afrisun KZN's Sibaya Casino Resort at Umdloti is well under way with a scheduled opening in 2004. The infrastructural development of this node will open up a further 200 hectares for future development in a prime node on the north bank of the Ohlanga River.

The focus on black economic empowerment has seen the BEE proportion of total spend exceed 35 percent in 2003. It is particularly pleasing that we have facilitated the establishment of black property developers into our customer base. With its professional, multi-disciplinary team, supplemented by effective management of outsourced property consultants and contractors, Moreland continues to provide a sound foundation for growth, economic investment and job creation.

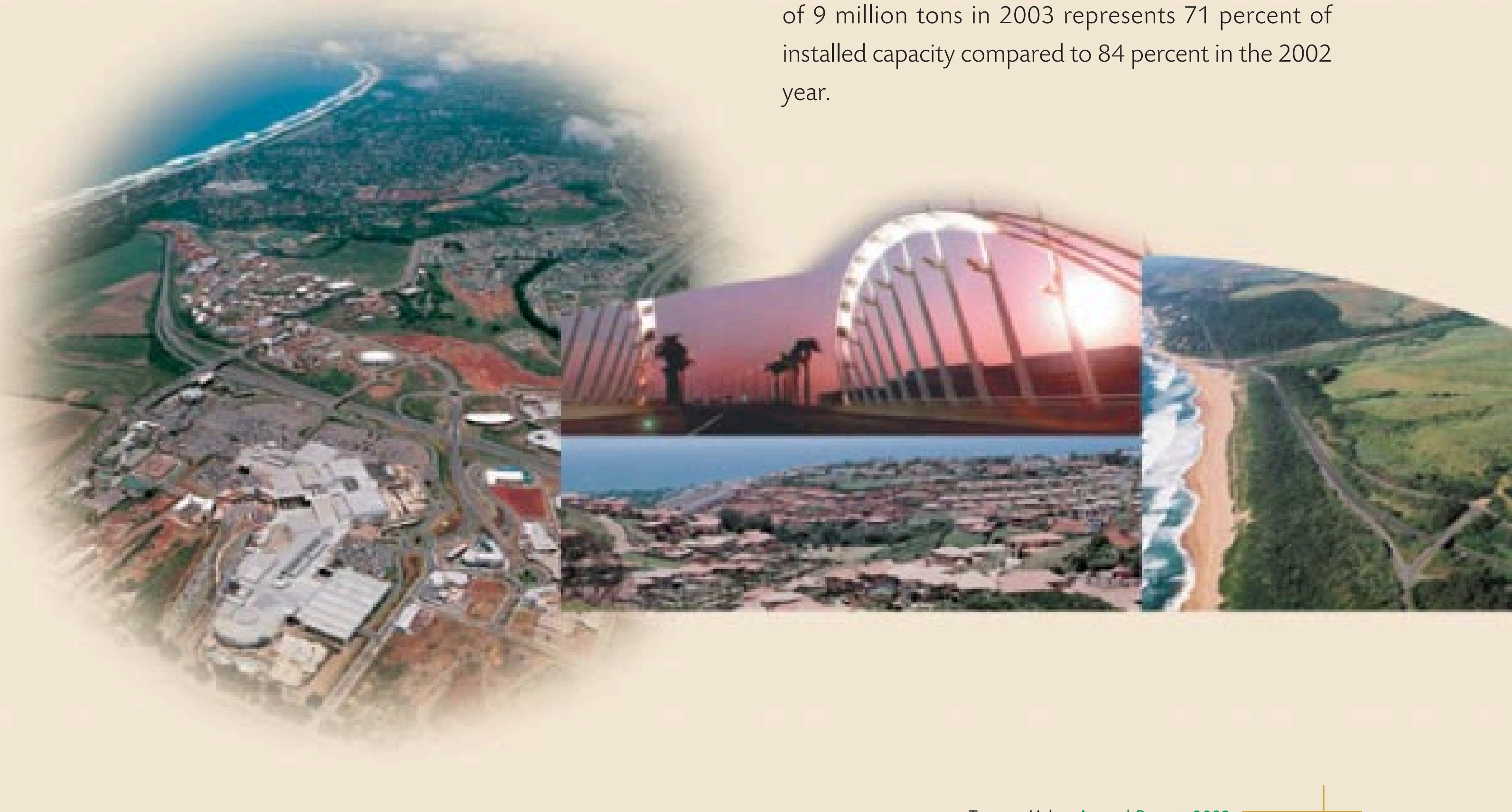
TONGAAT-HULETT SUGAR

"2003 has seen the unleashing of a process that will extensively change the way Tongaat-Hulett Sugar runs its business. It is in this operating company that the external environment has provided the greatest catalyst for change."

The sugar industry in South Africa is facing one of its most extreme challenges in recent history brought about by a number of factors converging at the same time. The most important factors are the rapid strengthening of the Rand, cost push pressures since 2000 that have rendered the industry less competitive in US dollar terms, the reduction in the domestic market sugar price in 2003 and the "dumped" world market price being at its lowest level in recent years. This environment has been exacerbated in 2003 by poor rainfall in many parts of the cane belt, with some of the worst affected areas reaching full-blown drought status.

Production

Total sugar production in 2003 decreased to 1,1 million tons, 18 percent down on 2002. The total cane crush of 9 million tons in 2003 represents 71 percent of installed capacity compared to 84 percent in the 2002 year.



Sugar production in South Africa of 652 000 tons was 24 percent down on the 860 000 tons produced last year. This decrease is attributable to the poor rainfall in many parts of the cane belt.

In Swaziland, Tambankulu Estates produced the raw sugar equivalent of approximately 54 000 tons, compared to 50 000 tons in the 2002 season. Record sucrose yields as well as additional hectares under cane following the conversion of the citrus orchards to sugar cane were the major drivers behind this eight percent improvement.

The socio-political and economic difficulties of operating in Zimbabwe have continued and Triangle's sugar production decreased to 264 000 tons, nine percent down on the previous year. The operation has remained profitable and intact.

In Mozambique the rehabilitation of the Mafambisse and Xinavane sugar estates continued in 2003 with sugar production up 15 percent to 82 000 tons compared to 71 000 tons in the 2002 season.

In terms of installed milling capacity, Tongaat-Hulett Sugar is capable of producing 1,5 million tons of sugar per annum compared to the 1,1 million tons produced in 2003.

Export Markets

Export market prices in Rand terms in 2003 were approximately 16 percent below those prevailing in the 2002 year due to the low international prices coupled with the strength of the Rand. Export sales at 344 000 tons show a one percent increase over 2002.

Domestic Markets

Tongaat-Hulett Sugar's brands performed well in 2003 with Huletts® being voted by an independent survey South Africa's fifth most admired food brand and sixth favourite brand overall measured in terms of awareness as well as trust and confidence.

In South Africa, local market sales at 499 000 tons show an increase of six percent over 2002, although the recent seven percent decrease in the price of sugar in October 2003 has resulted in a reduction in margins.

Good progress has been made by sugar producers in Mozambique to secure the domestic market against imports with year-on-year sales by domestic producers growing by 68 percent.

Statutory price control remains the over-riding feature of the market in Zimbabwe, squeezing both cane growing and sugar milling margins. The sugar industry in Zimbabwe continues, with some success, to make representation to the government for increases in controlled prices.

The Department of Trade and Industry is reviewing the South African sugar industry's regulatory framework following a notice to this effect in the Government Gazette on 12 January 2001. The review is being undertaken within the accepted framework of the government's strategies for the sugar sector in the South African Customs Union and the Southern African Development Community, and will be undertaken in consultation with the industry. Changes are not expected before the 2004/5 season.

Animal Feeds

Tongaat-Hulett Sugar's molasses and bagasse-based animal feeds operation, Voermol Feeds, again experienced significantly improved trading conditions. Its contribution to Tongaat-Hulett Sugar's earnings in 2003 was more than double that of the previous year.

TAKING THE GROUP FORWARD

The Group's earnings profile remains sensitive to exchange rate movements. The strengthening Rand and external developments such as the movements in the maize price have impacted our 2003 results. These developments have acted as a major stimulus to further energise and focus our efforts on all opportunities to improve earnings going forward, whatever the external conditions.

Actions to address the current challenges have been initiated and the road ahead is clear. Each operating company has a different profile of future earnings enhancing opportunities, the most important ones being:

Tongaat-Hulett Sugar

Nowhere have the developments in 2003 had a bigger impact than in our sugar business, where a course of action has been unleashed that will result in a century old company transforming itself again to ensure its future success.

Tongaat-Hulett Sugar is moving to a leaner and flatter structure and a more decentralised management approach. People at operating centres will assume greater responsibility and accountability for overall performance. Senior management are becoming increasingly mobile and more hands-on. The closure of the 180 people head office in La Lucia will see the small leadership team joining our offices at Amanzimnyama in Tongaat. Management changes have already resulted in the Tongaat-Hulett Sugar board halving in number and two regional operations managers have replaced the five mill general managers. The behavioural change that is emerging from this process will allow us to best tackle the challenges that we currently face and to take advantage of the opportunities that exist.

The focus in the South African operations is on lowering overhead costs, optimising milling capacity utilisation and improving the profitability of agricultural activities. The actions to reduce head office overheads by 50 percent include the closure of the La Lucia office and the downsizing and re-positioning of centralised services. Milling and refining costs are targeted to reduce by 10 and 30 percent respectively. The shutting down of the Entumeni sugar mill will further reduce the cost base and the additional available cane supplies, together with other cane procurement initiatives, will increase the capacity utilisation at the other mills. All of these actions will substantially improve our competitiveness.

Triangle Sugar in Zimbabwe is well placed to continue to assess the socio-political environment and to proactively manage it, where possible. It is ably positioned to determine the optimum timing to act on the growth opportunities that are currently on hold. The remittance of dividends from Zimbabwe remains an issue on which we maintain focus.

Mozambique provides us with an immense opportunity for earnings improvement. Actions are under way at Mafambisse and Xinavane to continue to increase cane and sugar production towards full capacity of 156 000 tons per annum together with growing domestic market sales. We will benefit further from Mozambique's Least Developed Country status, which will enhance export revenue through improved access to preferential markets.

We are committed to the journey underway in Tongaat-Hulett Sugar and believe that the benefit of all these actions is likely to exceed R150 million per annum.

African Products

The events over the last two years have clearly confirmed the need to change the business model as far as the local market interface and maize procurement is concerned. The local customer base has generally shifted from the need to have a stable inflation related price to one that has to compete internationally, with the emphasis on currency and international starch prices. This is similar to Hulett Aluminium's experiences in the early 1990's.

The most appropriate maize procurement strategy, for African Products to match this development, is being implemented. In future, the bulk of its maize pricing will be done on a back-to-back basis when product prices are agreed with customers. Physical procurement will still largely occur during the planting season as quality, locality and genetic modification status need to be ensured. This will mean that African Products' future earnings will be influenced by the extent to which the local maize price varies between export and import parity. At the same time the volatility arising from major valuation adjustments such as those that occurred in 2003 will be substantially reduced.

The emphasis on reducing the cost of running the business is encouraging. The cost reduction initiatives focus on lowering fixed overheads, improving procurement practices and further increasing plant efficiencies.

The year ahead will see continued progress in our many new business development initiatives, both in the local and export markets. These include new applications for existing products and the formulation of new products to be manufactured at existing plants. This should happen in concert with us regaining our position over imports in the local market. Underlying domestic demand for starch and glucose is expected to remain strong and grow over the next few years.

We expect to earn an attractive return on capital by 2005 following the implementation of the new

approach to maize procurement with its link to the local customer base, combined with the impact of further cost reductions and market development initiatives, with the main uncertainty being whether the local maize price is closer to import or export parity.

Hulett Aluminium

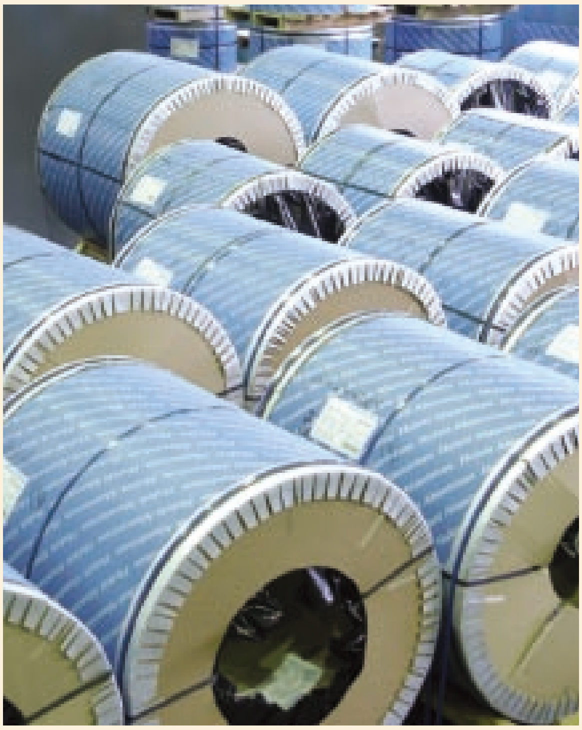
The progress in Hulett Aluminium is expected to continue as the growth in manufacturing output is maintained.

Hulett Aluminium plans to grow output of rolled products by at least 20 percent in 2004, towards a target of 185 000 tons within the next three years. The majority of the costs in the business are already being incurred and manufacturing conversion costs should largely remain fixed as volumes grow. Important breakthroughs in energy and recycling costs, together with further cost saving opportunities, are expected to exceed R75 million per annum. This will yield a significant reduction in manufacturing costs per ton.

The prime opportunity to grow earnings is through the enhancement of the sales mix, as highlighted by the 60 US dollar per ton increase in average export margin in 2003 in a tough global market. It is encouraging that dollar rolling margins are increasing in sympathy with the weakening US dollar and improvements in commodity prices. Special emphasis will be placed on increasing the production of technically challenging and hence higher margin products. Exports of can-end stock should double again over the next two years. A 50 percent increase in painted coil exports is expected in 2004, with clad products well set for substantial growth. These products will continue to push Hulett Aluminium's average dollar margin upwards.

The local market remains an important aspect of the business and some major growth initiatives are encouraging. This is particularly the case in the automotive sector, in spite of the relative strength of the Rand.

Hulett Aluminium should utilise 70 percent of the incremental capacity from its expansion during 2004, with a target volume above 200 000 tons beyond 2006. This, together with an enhanced sales mix and substantial unit manufacturing cost reduction, will lead to a significant improvement in profitability, even in a strong Rand scenario.



Moreland

There is general acknowledgement that Moreland's development initiatives north of Durban over the past decade have created one of the country's leading property growth nodes and a solid platform for unlocking the value of the prime land in the area. With the substantial investment in infrastructure and new capital investment into the area over a ten-year development horizon, Moreland has established a sound base to accelerate further unlocking of land values and for future earnings growth. The present assessment of the current value of our prime land, which is under pressure from urban expansion and potentially surplus to the operational requirements of the Group, once developed by Moreland exceeds R1,5 billion.

Joint ventures with international investors, particularly those with access to international customers, such as IFA, provide exciting initiatives for accelerated growth in earnings. Moreland's reputation as a property developer, in concert with the provision of infrastructure and sensitivity about the environment, has been firmly established as a leading South African brand, supported by the strong brands of individual projects.

The full benefits of Moreland's joint venture with IFA at Zimbali are still to be realised, including the anticipated positive impact on the value of the adjacent properties. Sales are exceeding expectations and are an acknowledgement of the prime international quality of our land holdings.

Moreland has earnings growth opportunities in other areas of Greater Durban. The scheduled opening of the Sibaya Casino Resort during 2004 will see the further development of 200 hectares of coastal property adjacent to Umdloti to the north of Durban. Residential property sales, particularly along the established La Lucia Ridge with its expansive sea and city views, are expected to remain buoyant. The extension of the Umhlanga Ridge New Town Centre surrounding Gateway will provide further commercial, retail and residential development. The completion of major infrastructural work by the City along the N2 freeway at RiverHorse Valley Business Estate will open up further industrial project opportunities. To the west of Durban, we are planning how to best realise the development of over 2 000 hectares at Shongweni.

In addition to earnings escalating over the next few years from its project pipeline, interesting opportunities are being explored in expanding Moreland's business model beyond land development. For example, in the joint venture with IFA, we have secured the option of joining them in any downstream income earning opportunities in their resort development activities.

OUTLOOK

The developments impacting on Tongaat-Hulett's results for the past year have acted as a catalyst to accelerate management actions to improve profitability. Group wide initiatives to reduce the cost base, increase sales volumes and optimise capacity utilisation will provide benefits as the year progresses.

The Group's results will continue to be impacted by the size of the sugar crop, commodity prices and fluctuating exchange rates.

The results for the first half of 2004 will be affected by restructuring costs as well as by the size of last year's sugar crop in South Africa. The size of the 2004 sugar crop in the non-irrigated areas will depend on good rains in the rest of the summer growing season. The soaking rain experienced early in the year is encouraging.

There are signs of international starch and glucose prices rising and the same applies to US dollar aluminium rolling margins. World sugar prices are presently at their lowest levels in recent years. The property market in which Moreland operates remains strong, with growing national and international interest.

The Group expects to record a substantial headline earnings recovery in 2004. Its asset and business base remains sound, with considerable opportunities for strong earnings growth.

CONCLUSION

Tongaat-Hulett is committed to the principles of sound corporate governance and sustainable development and their integration into all aspects of its business activities. We are committed to realising value for all our stakeholders, performing responsibly in relation to the physical and social environment and to acting with the highest ethical and moral standards.

Our business platforms and the quality of our assets will stand us in good stead for the months and years ahead. As a Group, Tongaat-Hulett will continue to move forward with energy, passion and insight.

The people of Tongaat-Hulett have been through a year of many challenges and changes in the face of turbulent conditions. I thank them all for their commitment in these demanding times and know that these experiences will benefit us in the years ahead.

JB Magwaza retired as an executive during the year and we are pleased that he will remain on the Group Board in a non-executive capacity. We place a great value on the positive impact that JB has had on the Group, particularly in the critical areas of transformation. Doug Aitken is retiring after many years of loyal service and his substantial contribution to the financial affairs of the Group is greatly appreciated.

The support that our team has received from the Group Chairman, Cedric Savage and the Board is highly valued. The Group has benefited from their wise counsel and depth of experience during this challenging year.

Peter Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal
20 February 2004

OVERVIEW

Tongaat-Hulett is committed to the principles of sustainable development and their integration into all aspects of our business activities. We are committed to realising value for our stakeholders, performing responsibly in relation to the physical and social environment and to acting with the highest ethical and moral standards.

GOVERNANCE STRUCTURES

The board of Tongaat-Hulett has appointed committees for safety, health and environment, remuneration and employment equity. These are detailed in the corporate governance report. In addition, there are action groups that function Group wide on black economic empowerment, corporate social investment and human resources development.

SAFETY

Tongaat-Hulett is committed to optimum workplace safety and has implemented a number of measures to enhance its performance. These include stringent safety targets at all centres, and the implementation at various operations of a National Occupational Safety Association (NOSA) management system that comprises risk assessment, compliance with systems, standards and procedures and incident reporting as well as plant audits. Some operations participate in the Occupational Health and Safety Assessment Series (OHSAS 18001). All operations have introduced "Golden Safety Rules" that all employees are expected to follow. A behaviour-based safety initiative will be introduced during the course of the year at the Group's manufacturing operations and progress is being made with the concept of visibly felt leadership.

Action is being taken at all operations to improve safety performance and to reduce the lost time injury frequency rate (LTIFR). Since January 2003, the LTIFR includes all restricted work cases which was not the case in previous years. The LTIFR has improved during 2003 from 1,56 in the first quarter to 0,90 in the fourth quarter. Tongaat-Hulett Sugar and Hulett Aluminium improved their LTIFR to 0,90 and 0,41 respectively in the last quarter of 2003. The total recordable case frequency rate (TRCFR) for 2003 was 2,36 compared to 6,05 in 2002. The TRCFR covers lost time injuries (including restricted work cases), medical treatment cases and fatalities.

Tongaat-Hulett has a zero fatalities target. Regrettably five employees in the sugar operations lost their lives during the past year – three in Zimbabwe, one in Mozambique, and one in South Africa. In Zimbabwe, two employees were murdered whilst on duty guarding company property and one death occurred in a tractor accident. In Mozambique, a fatal accident happened when a sugar stack collapsed onto the deceased. In South Africa, a contractor died after falling under a reversing delivery vehicle.

The cause of every fatal incident is carefully reviewed and rigorously investigated at executive level. Incident reports are tabled at board level and widely disseminated and discussed to avoid similar tragedies.

All lost time injuries and minor injury trends also receive close scrutiny and follow up in each operation.

Tambankulu Estates in Swaziland achieved NOSCAR (National Occupational SHE Accredited Award) status, the first operation in the sugar industry to obtain the premier NOSA award. The mill at Darnall holds a four-star Platinum NOSA grading, while Felixton, Maidstone, Refinery, Agricultural operations (SA) and Voermol Feeds have all achieved three star ratings.

All African Products mills are implementing the OHSAS 18001 which is an occupational health and safety management system with Kliprivier attaining SABS accreditation in 2003. The OHSAS 18001 regime complements African Products' existing ISO 14001 environmental and ISO 9000:2000 quality management systems. The other mills at Germiston, Meyerton and Bellville are at various stages of OHSAS 18001 certification compliance.

HEALTH

The Group's operations in South Africa, Zimbabwe, Swaziland and Mozambique all have occupational and primary health care programmes which include disease prevention, hygiene monitoring and medical surveillance programmes.

The single biggest challenge facing us is the HIV/AIDS pandemic that is impacting on human resources at all operations. A comprehensive and holistic programme, which has been rolled out Group wide to counter the anticipated effect, includes the provision of Anti-Retroviral Treatment to eligible employees who do not have access to a medical aid scheme offering an HIV/AIDS disease management programme. The programme is driven by several strategies on the prevention of infection and the treatment, care and support of infected and affected people, as well as on the mitigation of its impact on the workplace.

Malaria remains a significant health risk in our operations in Swaziland, Mozambique and Zimbabwe. The relevant operating centres practice an integrated malaria control programme that includes awareness, environmental control measures, indoor spraying with residual insecticides, personal protection measures, early recognition and diagnosis, and treatment.

Group clinics and first aid centres, with qualified occupational health staff and visiting part-time doctors, support occupational health initiatives and objectives. All operations have employees trained in first aid.

ENVIRONMENT

Tongaat-Hulett subscribes to an environmental stewardship ethic which seeks to minimise the depletion of natural resources, reduce waste generation, and manage the impact of our operations on the environment.

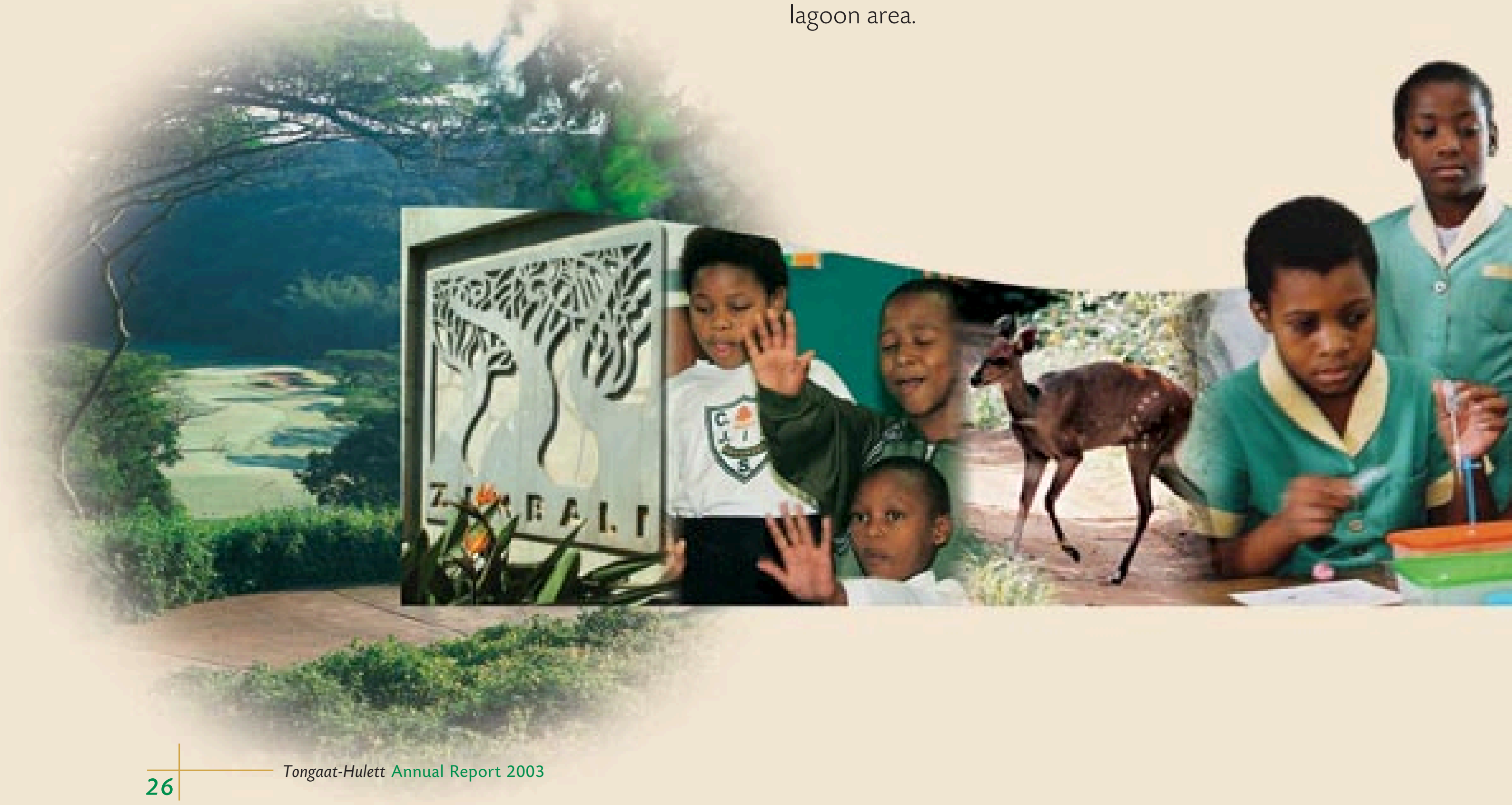
The Group is committed to best practice environmental management. African Products' Germiston and Bellville mills have retained ISO 14001 certification and the Kliprivier and Meyerton mills are due to be audited in 2004.

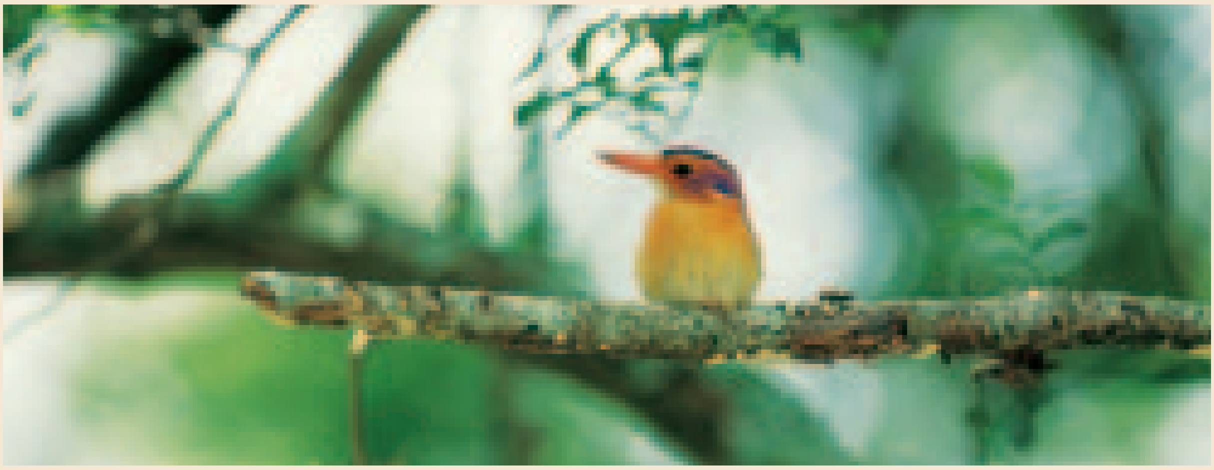
In Tongaat-Hulett Sugar's operations, Tambankulu, Maidstone, Felixton and Agriculture have achieved ISO 14001 certification with Amatikulu, Voermol and Darnall on schedule for certification in 2004.

Traditionally a major user of its own "green" energy, Tongaat-Hulett Sugar is in the process of enhancing co-generation initiatives. Recent developments include an expressed willingness by Eskom to enter into negotiations regarding co-generated power pricing and the establishment of a renewable energy power pool by an independent power producer.

Hulett Aluminium's integrated effluent treatment plant has reduced the risk of accidental pollution and has also improved the quality of discharges. Improved efficiencies have been realised in the gas firing of remelt furnaces, while reduced electricity consumption and significant cost savings have been achieved by aligning demand with equipment planning.

Moreland's environmental policy is underwritten by environmental impact assessments and environmental management plans for each project. Its efforts are governed by a four-pronged strategy – to exceed minimum legal requirements, being advised by leading experts, working with recognised conservation bodies, and communicating its environmental activities. Moreland has established an industry-leading practice on the sustainable development and conservation of natural assets under its control at the Zimbali Coastal Resort. Underpinned by a sensitive approach to development, the Mhlanga Forest Estate will serve as an example of how a project can benefit the natural environment, add value to society, and help facilitate the managed conservation of more than 300 hectares of the prime Hawaan coastal forest and Ohlanga lagoon area.





BLACK ECONOMIC EMPOWERMENT

Tongaat-Hulett's increased Black Economic Empowerment (BEE) spend shows that our objectives to promote small, medium and large-scale BEE enterprises are being realised. Emphasis is placed on initiatives that ensure the meaningful contribution of previously disadvantaged individuals to the mainstream economy.

The objective of BEE procurement is to assist in the promotion of black businesses by ensuring that black suppliers have access to the Group's supply chain and that procurement is consistent with government strategy on broad-based economic empowerment. BEE procurement spend is measured on a quarterly basis across all operating companies and is grouped into three categories – capital, consumables (including raw materials), and services.

Total BEE procurement spend for the year amounted to R522 million, representing 15 percent of total available spend, which is defined as total procurement spend, less spend on parastatals, key raw materials and imported expenditure.

Targets have been set for the Group that includes 25 percent of available expenditure being spent with BEE entities by the end of 2008.

Hulett Aluminium increased its BEE procurement spend by 25 percent to R169 million year-on-year and grew its support of African-owned or African joint venture suppliers over 2002 by 43 percent to R117 million.

African Products procurement initiatives resulted in BEE spend of R38 million exceeding the target of R30 million by over 25 percent. This trend is likely to accelerate with a greater focus on procuring maize from emerging farmers.

Tongaat-Hulett Sugar sold 2 073 hectares of its land to historically disadvantaged individuals during the year with a further 1 617 hectares earmarked to be sold in 2004. Thus far, 7 356 hectares have been sold to emerging growers with 22 new freehold farmers currently undergoing a mentorship programme to ensure the project's sustainability.

Moreland's continuing involvement in major land development projects in Durban, mainly in the Northern coastal corridor has resulted in increased development expenditure and consequently a higher BEE contribution. Its total own contributions through direct and indirect outsourcing to BEE contractors for the year ended 2003 amounted to more than 37 percent of total development expenditure whilst collective contributions by all related entities amounted to R240 million – Durban's uShaka Marine World and Point Development Projects making a contribution of R201 million.

HUMAN RESOURCES DEVELOPMENT

Increasingly, the differentiating characteristic among companies operating in a rapidly changing world is in the effectiveness of its efforts to develop human potential.

Tongaat-Hulett has made significant progress in this regard and we have implemented programmes at all operations as part of the Group wide commitment to attract, develop and retain valuable skills.

Implicit in this philosophy is the imperative to unlock talent, a process perhaps best articulated by our Employment Equity Programme. The programme is driven by the recognition that a diverse workforce adds greater value in a transforming environment.

A major highlight of 2003 was the racial mix achieved throughout the Group - Africans, Coloureds and Indians comprise 22 percent in top management, 33 percent in senior management, 50 percent in middle management, and 76 percent in skilled and supervisory positions. Group wide strategies are in place to address the representation of women and Africans at senior levels at each of the four operating companies.

A natural corollary of our equity programme is the training and development of our people. Achievements in this area include the introduction and management of 31 learnerships in compliance with the Skills Development Act and 204 employees are currently studying towards tertiary level qualifications.

We have also introduced talent management processes to optimise the contribution of our high potential people and to ensure that they are retained. These processes include a review of the performance and potential of employees against the desired future competency profile required to meet strategic business priorities. Action plans are developed to address gaps, and include measures that gauge current and future potential against desired performance.

We pride ourselves on the maintenance of constructive and mature relationships with employees and unions. This is confirmed by the existence of a stable industrial relations environment during the last few years.

VALUE ADDED ANALYSIS

for the year ended 31 December 2003

The following statement shows how value added, or wealth created, by the Group has been applied, first to reward those responsible for its achievement, secondly in payments to the providers of the Group's capital, thirdly in the payment of taxes, and finally, the amount re-invested in the business to finance replacement and growth.

	2003 Rmillion	2002 Restated Rmillion
Revenue	6 559	6 103
Bought-in materials and services	(5 141)	(4 394)
VALUE ADDED BY OPERATIONS	1 418	1 709
Valuation adjustments on financial instruments and other items	(398)	(215)
Dividends and other income	191	213
Exceptional items	7	6
TOTAL VALUE ADDED	1 218	1 713
Applied as follows:		
TO PAY EMPLOYEES		
Salaries, wages and benefits	849	803
TO PAY PROVIDERS OF CAPITAL	497	483
Interest on borrowings	264	191
Dividends to shareholders	233	292
TAX	(77)	122
(EXPENDED)/RE-INVESTED IN BUSINESS	(51)	305
Depreciation	223	209
Retained earnings	(274)	96
	1 218	1 713

INVESTING IN OUR COMMUNITIES

Our objective is to make a sustainable impact on society that will extend beyond particular interventions. These initiatives typically take the form of upliftment projects in the Southern African region, particularly in historically disadvantaged communities where our people live, and where we operate. These measures transcend our commitment to employment equity and black economic empowerment that are addressed through the Group's existing structures.

The Group wide team responsible for our corporate social initiatives has a comprehensive social investment plan that is focused on education, health, community skills upliftment, welfare, environment and crime prevention.

One of the key community projects supported by Tongaat-Hulett is the Business Trust where we have committed R5 million over a five-year period. The Business Trust is managed by the National Business Initiative and is engaged with development, education, training, job creation and tourism marketing.

Investments have also been made in education infrastructure, support services and the provision of computer facilities. Education, with the emphasis on science and technology, and health are the major beneficiaries of our initiatives and schools and healthcare projects have received funding. These include the Programme for Technological Careers (Protec) which is aimed at disadvantaged learners from grades 10 to 12 and endeavours to develop technical, business management and leadership skills. In this respect, two grade 12 students at Protec Tongaat were awarded full bursaries to study chemical and electrical engineering at Wits University. Another grade 12 student attained an exemption with four distinctions, while four more students achieved merit exemptions.

HIV/AIDS continues to receive attention in view of the serious socio-economic consequences of the pandemic. One of the HIV/AIDS projects initiated by Tongaat-Hulett is Sukumawenze, a place of care that looks after terminally ill patients. The Group financed the construction of Sukumawenze, which means stand up and do something for yourself, through a Tongaat-based BEE company. Run by Sister Mary-Anne Mkhize, Sukumawenze fulfils its mission with compassion and dignity in Inanda, near Durban.

CONCLUSION

We believe that the sustainability of our business lies firmly in the hands of our people, as they are the greatest source of our competitive advantage. This also manifests itself in our holistic approach in pursuit of the triple bottom line, translating to the achievement of a balanced and integrated economic, social and environmental performance. Tongaat-Hulett contributes towards meaningful improvement and enhancement of the quality of life of our people and their communities by implementing leading practices in all areas of our business.

The Board of Directors is committed to the implementation of good corporate governance within the Group and endorses the principles of openness, integrity, accountability, transparency and social responsibility. The Group has worked throughout the year to implement the recommendations of the 2002 King Report on Corporate Governance and the board considers that it complies in all material respects with the Code of Corporate Practices and Conduct embodied in that report.

A Corporate Governance Manual has been prepared which documents the terms of reference, and roles and responsibilities of the directors, the board and the board committees, and the code of ethics to be followed by directors and employees. It also contains details of established Group policies on such matters as Safety, Health and Environment, Social Investment, Black Economic Empowerment and Employment Equity.

Board of Directors

The board has adopted a Board Charter which sets out as its mission, to ensure responsible, entrepreneurial business leadership in a manner which balances the interests of the shareholders with the needs of all its other stakeholders, including the present and potential beneficiaries of the company's products and services, clients, lenders, employees as well the communities and the environment in which the Group operates.

The Charter sets out the responsibilities of the board including the approval of strategy, determination of policy and processes relative to risk management and internal controls, monitoring of operational performance and management, communications policy and the selection, orientation and evaluation of directors. The board is also responsible for ensuring that the Group complies with all relevant laws, regulations and codes of business practice and has a schedule of matters specifically reserved to it for decision. The Charter also details the responsibilities of individual directors toward the company.

The company has a unitary board comprising eleven non-executive and nine executive directors which reflects a blend of different skills, financial and commercial experience and cultures. The non-executive directors as a group are of sufficient calibre and number with a wide range of commercial and other interests which enables them to bring independent judgement and experience to board deliberations and decisions. An evaluation of the performance of the board has been carried out and the findings are currently under review.

The roles of Chairman and Chief Executive Officer are separate with a clear division of responsibilities. Mr C M L Savage is the non-executive Chairman and Mr P H Staude is the Chief Executive Officer. Directors are subject to election by shareholders at the first opportunity after appointment and thereafter retire from office and are subject to re-appointment at intervals of no more than three years. There are no term contracts of service between any of the directors and the company or any of its subsidiaries.

The board is ultimately accountable and responsible to its shareholders for the performance and affairs of the company. The board therefore retains full and effective control over the company and gives strategic direction to the company's management. During the year the board reviewed the authority levels and has approved an Authorities Framework, which defines the levels of delegated authority.

The board normally meets five times a year and is

Attendance of current directors at board and committee meetings during the year ended 31 December 2003

Director	*Board*		*Audit & Compliance Committee*		*Remuneration Committee*	
	A	*B*	*A*	*B*	*A*	*B*
C M L Savage	*5*	*5*			*3*	*3*
P H Staude	*5*	*5*			*3*	*3*
D G Aitken	*5*	*5*				
D D Barber	*5*	*4*				
P M Baum	*1*	*1*	*1*	*0*	*1*	*1*
L Boyd	*5*	*5*			*3*	*3*
E le R Bradley	*5*	*5*	*3*	*3*	*3*	*3*
B G Dunlop	*5*	*5*				
E K Diack	*5*	*5*	*3*	*1*	*3*	*3*
A Fourie	*5*	*5*				
G R Hibbert	*5*	*5*				
M W King	*5*	*5*	*3*	*2*		
G P N Kruger	*5*	*5*				
J B Magwaza	*5*	*5*				
M Mia	*5*	*4*	*3*	*3*		
M H Munro	*1*	*1*				
T H Nyasulu	*5*	*5*				
S J Saunders	*5*	*5*				
M Serfontein	*5*	*5*				
R H J Stevens	*5*	*4*				
A M Thompson	*5*	*5*				

A: Indicates the number of meetings which the director could have attended
B: Indicates the number of meetings actually attended

supplied in advance of each meeting with comprehensive briefing papers on items under consideration. All directors have access to the advice and services of the Group Secretary and independent professional advice is available to directors in appropriate circumstances at the company's expense.

Board Committee Structures and Responsibility

The board has delegated authority for specific matters to the following committees, all of which have formal terms of reference. These committees report to the board on a regular basis, including such recommendations as they deem appropriate, thus enabling the board to monitor, inter alia, key risk areas and non-financial aspects relevant to the Group's various businesses.

Executive Committee

The Executive Committee, which meets in the months where there is no Group board meeting, comprises nine members and is chaired by the Chief Executive Officer. Its members are P H Staude (Chairman), P M Baum, B G Dunlop, A Fourie, G R Hibbert, G P N Kruger, M H Munro, S J Saunders and M Serfontein, with M A Kennedy as secretary.

The Executive Committee is responsible to the board for recommending the Group's policies and strategies, and for their subsequent implementation. The overall objective of the committee is to assist the Group board within the agreed authority limits, in discharging its responsibilities. Matters outside the agreed authority limits must be referred to the board, by way of round robin in circumstances where time is of the essence.

Audit and Compliance Committee

The Audit and Compliance Committee, which normally meets at least three times each year, comprises solely non-executive directors. Its current members are E le R Bradley (Chairman), P M Baum, M W King, and M Mia. M H Munro, the Group Financial Director, M M Jean-Louis, the internal audit manager and representatives of the external and internal auditors attend by invitation. M A Kennedy is the secretary.

The Audit and Compliance Committee's terms of reference, which have been approved by the board, deal with operational and financial matters, including the monitoring of controls, loss prevention, litigation, reputational issues and JSE listing compliance matters. It is also responsible for ensuring that an effective risk management process is in place across the Group.

It provides a forum through which the external and internal auditors report to the board. It is responsible for the consideration of the appointment of external and internal auditors, the maintenance of a professional relationship with them, reviewing the adequacy of accounting principles, policies and practices adopted in the preparation of public financial information and examining documentation relating to the interim and annual financial statements. In addition, it reviews procedures and policies of internal control, including internal financial control and internal audit reports.

The Group has largely outsourced the internal audit function to professional firms of public accountants and auditors, under the co-ordination of the Group's internal audit manager. No internal audit assignments are conducted by the Group's independent external auditors.

An Internal Audit Charter has been approved by both the committee and the board. This charter sets out the terms of reference of the Group's internal audit function, its reporting line to the chairman of the committee and the fact that the internal auditors have unrestricted Group-wide access to all functions, records, property and personnel.

Details of all non-audit services provided by the external auditors are monitored by the committee to ensure compliance with the Group's written policy.

During the year the committee satisfied its responsibilities in compliance with its terms of reference.

Risk Committee

The board is responsible for risk management in the Group, which embraces the identification, assessment, management, monitoring and reporting of all material forms of risk faced by the Group. There is clear accountability for risk management, which is a key performance area of line managers throughout the Group.

Risk Committees have been established at each of the Group's operations as an integral part of the risk management review process and report to the Group Risk Committee, which meets at least four times a year. The current members of the Group Risk

Committee are M H Munro (Chairman), P M Baum, B G Dunlop, A Fourie, G R Hibbert, M M Jean-Louis, G P N Kruger, S J Saunders, M Serfontein and P H Staude. M A Kennedy is the secretary.

The Group Risk Committee's terms of reference cover the total process of risk management as set out in the board's policy on risk management, which encompasses all significant strategic and business risks to the Group, including reputational, financial, operational and compliance risks which could undermine the achievement of business objectives.

The system of risk management is designed so that the different operations are able to tailor and adapt their risk management processes to suit their specific circumstances. Managers are supported in giving effect to their risk responsibilities through sound policies and guidelines on risk and control management. Continuous monitoring of risk and control processes, across significant Group-wide risk areas and other specific risks areas relative to the Group's operations, provides the basis for regular and exception reporting to operational management and boards, the Group Risk Committee and the main board. The risk assessment and reporting criteria are designed to provide a consistent, Group-wide perspective of the key risks. Reports to the board are submitted quarterly.

In respect of those risks, the occurrence of which would constitute a disaster for a particular operation, recovery plans are in place and the resources necessary for their implementation have been identified.

The board has established a Group-wide system of internal control in all key operations to manage significant Group risks. This system supports the board in discharging its responsibility for ensuring that the risks associated with the Group's operations, are effectively managed. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of board assurance.

The board also receives assurance from the Audit and Compliance Committee that derives its information in part from regular internal and external audit reports throughout the Group on risk and internal control. The Group's internal audit function is responsible for providing independent assurance to the Risk Committee and the board on the effectiveness of the internal control process throughout the Group.

Remuneration Committee

The Remuneration Committee is chaired by a non-executive director and comprises a majority of non-executive directors. Its members are L Boyd (Chairman), E le R Bradley, P M Baum, C M L Savage. P H Staude attends by invitation and M Serfontein is the secretary.

The Remuneration Committee meets at least twice a year and, as stipulated in its terms of reference, is responsible for considering and making recommendations to the board on the company's executive and senior management remuneration policy and the remuneration packages of executive directors and senior executives. It also reviews general salary increases and the operation of the company's share incentive schemes. Independent external studies and comparisons are used to ensure that compensation is market related and linked to both individual performance and the performance of the Group.

The Group's Remuneration Policy is formulated to attract and retain directors and executives needed to run the Group successfully. Total rewards are set at appropriate levels taking account of market trends.

Executive Directors' Remuneration

Basic Salary

The basic salary of the executive directors is subject to annual review and is set with reference to external market data, relating to similar companies based in South Africa which are comparable in terms of size, market sector, business complexity and international scope; individual performance and contribution are also taken into consideration.

Annual Executive Bonus Scheme

All executive directors are eligible to participate in an annual executive bonus scheme, typically based on the achievement of short-term performance targets that are individually relevant for each executive director. These targets include measures of corporate (and, where applicable, operational) performance as well as the achievement of individual targets. The criteria for determining the bonus payable are set on an individual basis each year and will not, in total, exceed 50 per cent of annual base salary.

Share Incentive Scheme

Executive directors and management participate in the Group's share incentive scheme, which is designed to enable those executives to participate in the growth, as reflected in the share price, which they helped to create for the Group's shareholders. Share options are awarded on the basis of performance, contribution to the business and seniority, within the limits imposed by the Group's shareholders. Options are allocated at the market price ruling at the date of issue, vest after stipulated periods and are exercisable up to a maximum of ten years from the date of issue.

Fees
Executive directors receive fees for their services on the board but not for their services on board committees and operational boards.

Other Benefits
Pension and life insurance benefits are provided under The Tongaat-Hulett Pension Fund, membership of which is compulsory for all senior management. Benefits also include the provision of travel expense allowances, medical aid, gratuity at retirement, death and disability insurance and reimbursement of reasonable business expenses.

Non-Executive Directors' Remuneration

Non-executive directors receive fees for their services on the board and for their services on board committees and operational boards. Directors' fees are recommended by the Remuneration Committee and submitted to both the board and the shareholders for approval.

Nomination Committee

The Nomination Committee, which comprises mainly non-executive directors, meets at least once a year. Its members are L Boyd (Chairman), E le R Bradley, P M Baum, C M L Savage. P H Staude attends by invitation and M Serfontein is the secretary.

This committee's terms of reference ensure that, for board appointments, a rigorous, fair, and open nominations and appointments process is established which will promote meritocracy in the boardroom and support strong corporate performance. The committee leads that process and makes recommendations to the board.

Employment Equity Committee

The Employment Equity Committee meets at least twice a year. Its current members are P H Staude (Chairman), J Bhana, S Bhyat, B G Dunlop, A Fourie, B R Gumede, G R Hibbert, M M Jean-Louis, G P N Kruger, C V Macu, M Mia, M N Mohale, T K Mshengu, N R Nyandeni, S J Saunders and M Serfontein.

The Employment Equity Committee's main objective, as stated in its terms of reference, is to set targets and review progress throughout the Group, on all employment equity related matters, and in particular, where appropriate, to make recommendations to the board on the implementation of the Group's employment equity policies. These policies emphasise opportunity for all and seek to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise and hard work. They include appropriate educational support programmes, recruitment targets, development and training programmes and innovative management development practices.

These programmes, targets and practices enjoy priority as a key business objective and constitute an integral part of management's performance assessment.

Safety, Health and Environment Committee

The Group Safety, Health and Environment (SHE) Committee meets four times a year. Its members are P H Staude (Chairman), P M Baum, T Chetty, S J M Cleasby, B G Dunlop, A Fourie, B A Henderson, P J Henning, G R Hibbert, G P N Kruger, R McMartin, M N Mohale, D S Mudly, M Serfontein, W G Streek and D F Timmerman.

There are SHE committees at each of the Group's operating companies and the Group SHE committee provides a facility for the development of an overall perspective on SHE matters and for the sharing of information and experiences across the Group. It reviews the major SHE risks identified by each operation and the progress against SHE targets. It also provides a forum for considering, and where appropriate responding to, material national and international regulatory and technical developments in the fields of safety, health and environmental management.

Accountability and Control

The directors are required by the Companies Act to prepare financial statements, which fairly present the state of affairs of the company and the Group as at the end of the financial year and the results of its operations for that year, in conformity with South African Statements of Generally Accepted Accounting

Practice. The financial statements are the responsibility of the directors and it is the responsibility of the independent auditors to report thereon.

To enable the directors to meet these responsibilities, standards have been set and systems of internal control implemented to reduce the risk of error or loss in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties. They are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner which, in all reasonable circumstances, is above reproach.

The Group's internal audit function operates independently in all operations to appraise, evaluate and, where necessary, make recommendations for improvements in the systems of internal control and accounting practice, based on internal audit plans which take cognisance of relative degrees of risk of each function or aspect of business.

There are comprehensive management reporting disciplines in place which include the preparation of annual budgets by all operating entities. Individual operational budgets are approved by the operating boards, while the Group budget is reviewed and approved by the board of the company. Monthly results and the financial status of the operations are reported against budgets and forecasts and compared to the results of the prior year. Profit projections and cash flow forecasts are regularly updated, taking into account various economic scenarios, and working capital and borrowing levels are monitored on an ongoing basis.

Code of Ethics

The Group is committed to a policy of fair dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the board, is based on a fundamental belief that business should be conducted honestly, fairly and legally, and has been documented in a Code of Ethics.

Compliance by all employees to the high moral, ethical and legal standards of the Code is mandatory, and if employees become aware of, or suspect, a contravention of the Code, they must promptly and confidentially report it in the prescribed manner.

Third-Party Management

No part of the company's business was managed during the year by any third party in which any director had an interest.

Insider Trading

No director, officer or employee may deal either directly or indirectly in the company's shares on the basis of unpublished price-sensitive information regarding its business or affairs. In addition, no director or officer may trade in its shares during closed periods. A list of persons regarded as officers for this purpose has been approved by the board and is revised from time to time. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the company is under a cautionary announcement. A register of directors and officers is available for inspection at the company's registered office.

Going Concern Assertion

The directors confirm that they are satisfied that the Group has adequate resources to continue in business for the foreseeable future. Financial gearing, cash flows and access to equity and loan capital are considered to be sufficient to fund any chosen opportunities to expand or restructure the business cost efficiently.

The directors also believe that the depth of human and other intellectual capital is adequate to drive the future value creation of the business. In addition to its tangible assets, the brands and reputation of the organisation remain intact, while the product mix is seen as competitive in the markets and regions in which the Group continues to operate or has determined to enter. The Group has implemented an effective risk management process that is designed to maximise strategic opportunity within tolerable levels of residual business, process and dependency risks.

The assumptions upon which this assessment is made are recorded at the time of approval of the annual financial statements by the board. For this reason, it continues to adopt the going concern basis for preparing the financial statements.

CHAIRMAN

C M L Savage

Non-Executive Chairman
BSc (Mech Eng), MBA, ISMP (Harvard)

Cedric (65) joined the Tongaat-Hulett Group in 1977 as Managing Director of Tongaat Foods becoming Executive Chairman of Toncoro Limited in 1985. He was appointed to the Tongaat-Hulett Group Board in 1981, serving as Chief Executive from 1991 to 2000. He was appointed Executive Chairman in 2000, combining the roles of Chief Executive Officer and Chairman until his retirement from executive duties in 2002.

INDEPENDENT NON-EXECUTIVE DIRECTORS

E le R Bradley

Chairman, Wesco Investments and Chairman, Toyota South Africa and Metair Investments and Director of Companies
BSc (UOFS), MSc (London)

Elisabeth (65) has spent her whole working life with these family motor industry companies. Other Non-Executive Directorships include Sasol, Anglogold and The Standard Bank Group. She was appointed to the Tongaat-Hulett Group Board in 1987.

M Mia

Deputy Chairman, Fasic Investment Corporation and Director of Companies

Mac (56) is founder member of Fasic Investment Corporation which has interests in Fasic Africa Limited. Formerly the Managing Director of New Republic Bank, he currently runs his own financial consultancy business. He was appointed to the Tongaat-Hulett Group Board in 1996.

T H Nyasulu

Sole Proprietor, T H Nyasulu & Associates and Director of Companies
BA (Psychology) (Hons)

Hixonia (49) established her company in 1984, handling many projects requiring strategic intervention for private sector and public sector clients. She has also been a Director of various JSE-listed companies since the early 1990's and was appointed to the Tongaat-Hulett Group Board in 2000.

R H J Stevens

Chairman, Three Cities Group and Director of Companies
BA (Marketing & Design Studies)

Russell (63) is the founder and Chairman of the Three Cities Group, Chief Executive Officer and shareholder of Durban Adventures Limited, Chairman of uShaka Management Company and Director of the Compass Group, thus maintaining his interest in the service related sector. He is past Chairman of Tongaat Foods, a one time operating company of the Tongaat Group. He was appointed to the Tongaat-Hulett Group Board in 1977.

NON-EXECUTIVE DIRECTORS

D D Barber

Finance Director, Anglo American Corporation of South Africa Limited
FCA (England & Wales), AMP (Harvard)

David (51) spent 20 years with the Anglovaal Group and was Executive Director Finance at the time of its unbundling. After a short tenure as Chief Financial Officer at Fedsure Holdings, he joined the Anglo American Corporation of South Africa Limited as Finance Director in 2002. He was appointed to the Tongaat-Hulett Group Board in 2002.

P M Baum

Chief Executive Officer of Anglo American plc's Ferrous Metals and Industries Division
BCom L.L.B, Higher Diploma in Tax Law

Philip (49) joined Anglo American in 1979 and has worked in a variety of positions. He was Chief Executive of Anglo American Zimbabwe from 1996 to 2001 and was appointed an Executive Director of Anglo American Corporation in 1997. In 2001 he was appointed Chief Operating Officer of Anglo American Corporation and took up his current position in 2003. He was appointed to the Tongaat-Hulett Group Board in 2003.

I Botha

Head of Finance: Anglo Ferrous Metals and Industries
BCom, CA (SA)

Ian (32) joined Anglo American Corporation of South Africa Limited in 1996 and after a short tenure with Lazard (Australia) in 2001 he re-joined Anglo American plc in 2001 as Vice President: Corporate Finance and took up his current position in December 2003. He was appointed to the Tongaat-Hulett Group Board in February 2004.

L Boyd

Chairman, Datatec Limited and Chairman, Imperial Holdings Limited and Director of Companies
Chart.Eng., Fellow of The Instit. of Met (UK), Companion, The Instit. of Management (UK)

Leslie (66) retired from executive duties as Executive Vice-Chairman, Anglo American plc, Chairman, Anglo American Platinum Corporation and Chairman, Highveld Steel and Vanadium Corporation in 2001. He was appointed to the Tongaat-Hulett Group Board in 1989.

M W King

Director of Companies
CA (SA), FCA

Michael (66) retired from executive duties as Executive Vice-Chairman, Anglo American plc, in 2001. He was previously Deputy Managing Director of Union Acceptances, (now Nedcor Investment Bank) and left to join Anglo American Corporation in 1974, becoming Executive Deputy Chairman in 1997. He serves as Non-Executive Director on various Boards and was appointed to the Tongaat-Hulett Group Board in 1980.

J B Magwaza

Director of Companies
BA (Psychology & Soc Anthropology), MA (Ind Rel), Dipl. IR, Dipl PM

JB (61) joined the Tongaat-Hulett Group in 1975, becoming Personnel Director of Hulett Refineries in 1988. He was appointed Personnel Director of Hulett Aluminium in 1992 and became an Executive Director on the Tongaat-Hulett Group Board in 1994. He retired in 2003 but remains on the Board in a Non-Executive capacity.

A M Thompson

Chairman and Chief Executive Officer, Mondi South Africa
BSc (Civil Eng), MBA

Andrew (46) commenced his career in Mondi's Forests Division in 1986. He was appointed Chief Executive Officer in 1999 and then Chairman in 2003, after serving as Deputy Managing Director since 1996. He was appointed to the Tongaat-Hulett Group Board in 2002.

EXECUTIVE DIRECTORS

P H Staude

Chief Executive Officer
BSc (Ind.Eng) (Hons) (Cum Laude), MBA – Pretoria

Peter (50) joined the Tongaat-Hulett Group in 1978. In 1990 he became Managing Director of Hulett Aluminium Rolled Products, a subsidiary of Hulett Aluminium, where he was instrumental in leading the finalisation of the total concept behind the Rolled Products expansion project. He became Managing Director of Hulett Aluminium in 1996. He was appointed to the Tongaat-Hulett Group Board in 1997 and became Chief Executive Officer in May 2002.

D G Aitken

Executive Director
CA (SA), CFMP (Harvard)

Doug (61) joined the Tongaat-Hulett Group in 1969, becoming Group Accountant in 1973, Group Secretary in 1976 and Group Financial Manager in 1985. He was appointed to the Tongaat-Hulett Group Board in 1996 and was Group Financial Director from 2000 to September 2003.

B G Dunlop

Managing Director, Tongaat-Hulett Sugar Limited
BCom (Hons), ACIS, PMD (Harvard)

Bruce (50) joined the Tongaat-Hulett Group in 1980, becoming Financial Director of Tongaat Oil Products in 1983 and Managing Director of the Maize, Animal Feeds and Poultry Division of Tongaat Foods in 1988. He was appointed Managing Director of Hulett Refineries in 1993 and Managing Director of Tongaat-Hulett Sugar in 1995. He was appointed to the Tongaat-Hulett Group Board in 1997.

A Fourie

Managing Director, Hulett Aluminium (Pty) Limited
CA (SA), MBA

Alan (54) joined the Tongaat-Hulett Group in 1979, becoming Financial Manager of Hulett Aluminium in 1983, Financial Director in 1985 and Managing Director of Hulett Aluminium in 2002. He was appointed to the Tongaat-Hulett Group Board in 2002.

G R Hibbert

Managing Director, Moreland Estates (Pty) Limited
BCom, CA (SA)

Gordon (57) joined the Tongaat-Hulett Group in 1972, becoming Financial Manager of Tongaat-Hulett Sugar in 1978, General Manager of Tongaat-Hulett Properties in 1979 and Managing Director of that company and Moreland Estates in 1982. He was appointed to the Tongaat-Hulett Group Board in 1998.

G P N Kruger

Managing Director, African Products (Pty) Limited
BSc Chem Eng (Cum Laude), MSc Microbiology, MBA

Nico (46) joined the Tongaat-Hulett Group in 1982, becoming Business Development Director of African Products in 1992. He became Managing Director in 1995 and was instrumental in the integration of the Kliprivier project into African Products. He was appointed to the Tongaat-Hulett Group Board in 1997.

M H Munro

Group Financial Director
BCom, CA (SA)

Murray (38) joined the Tongaat-Hulett Group in 1992. He has held a number of senior financial, commercial, market and general management positions in the Group's textiles, starch & glucose and aluminium businesses. In the period 1997 to 2003 he was a Market Director and then the Finance and Business Process Development Director at Hulett Aluminium in the predictable business start-up phase of the Rolled Products expansion. He was appointed to the Tongaat-Hulett Group Board in October 2003.

S J Saunders

Chairman, Tongaat-Hulett Sugar Limited and Moreland Estates (Pty) Limited
BA (Economics), MA (Agric Sc), MBA

Steven (44) joined the Tongaat-Hulett Group in 1986, becoming Export Director of Hebox Textiles in 1991 and Chairman of various Tongaat owned companies, which have subsequently been sold. He was appointed Chairman, Tongaat-Hulett Sugar in 1995 and Chairman of Moreland Estates in 2000. He was appointed to the Tongaat-Hulett Group Board in 1991.

M Serfontein

Group Human Resources Director
BCom (Hons)

Menanteau (51) joined the Tongaat-Hulett Group in 1983, becoming Personnel Director of Hulett Aluminium in 1989. He successfully completed the Certificate Programme in Industrial Relations (Wits) and has attended Executive Programmes at Harvard and Columbia Business Schools and Henley Management College. He was appointed to the Tongaat-Hulett Group Board in 1996.

ALTERNATE DIRECTORS

J Thomas

Vice President – Corporate Finance, Anglo Operations Limited
CA (SA)

Jacqui (35) joined the Finance Division of Anglo American in 1997 and became Vice President – Corporate Finance in 2002. She was appointed to the Tongaat-Hulett Group Board in 2001.

G F Young

Vice President – Administration, Anglo Operations Limited
CA (SA)

Guy (33) joined Anglo American in 1997 and became Vice-President Administration in 2002. He was appointed to the Tongaat-Hulett Group Board in 2001.

EBITDA
Earnings before net financing costs, tax, depreciation and amortisation.

EBIT
Earnings before net financing costs and tax.

HEADLINE EARNINGS
Headline earnings are calculated in note 20, in accordance with the South African Institute of Chartered Accountants' Circular 7/2002.

HEADLINE EARNINGS PER SHARE
Headline earnings divided by the weighted average number of shares in issue.

OPERATING MARGIN
EBIT expressed as a percentage of revenue.

PRE-TAX RETURN ON CAPITAL EMPLOYED
EBIT plus interest received expressed as a percentage of average total capital employed, excluding capital work in progress.

RETURN ON EQUITY
Headline earnings expressed as a percentage of average equity.

DEBT TO EQUITY
Long and short-term borrowings divided by total equity.

NET DEBT TO EQUITY
Long and short-term borrowings less cash resources divided by total equity.

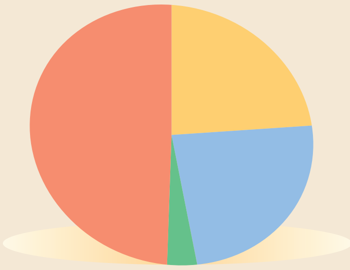
CURRENT RATIO
Current assets divided by current liabilities.

LIQUIDITY RATIO
Current assets, excluding inventories, divided by current liabilities.

NET ASSET VALUE PER SHARE
Equity divided by the number of ordinary shares at year end.

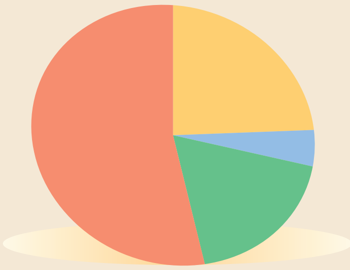
TOTAL CAPITAL EMPLOYED
Equity, minority interests, deferred tax, long and short-term borrowings, provisions and derivative liabilities.

TOTAL LIABILITIES
Long-term borrowings, provisions, derivative liabilities and current liabilities.



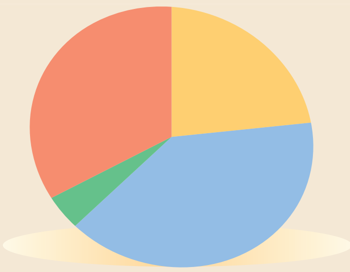
Revenue

African Products	22,7%
Hulett Aluminium (50%)	24,4%
Moreland	3,4%
Tongaat-Hulett Sugar	49,5%



Underlying Operating Profit

African Products	23,2%
Hulett Aluminium (50%)	4,5%
Moreland	18,7%
Tongaat-Hulett Sugar	53,6%



Capital Employed

African Products	22,1%
Hulett Aluminium (50%)	39,8%
Moreland	4,2%
Tongaat-Hulett Sugar	33,9%

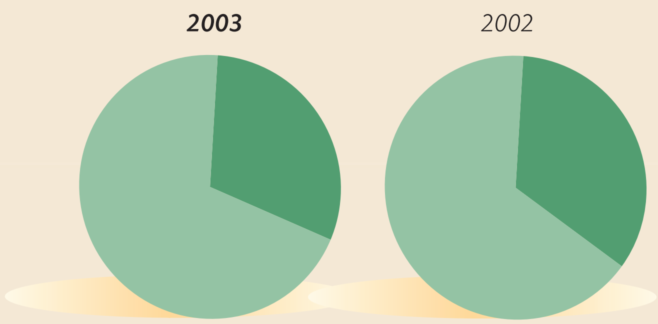
BUSINESS SEGMENT ANALYSIS

Rmillion	Revenue	Underlying Operating Profit	EBIT	Total Assets	Total Liabilities	Capital Employed	Capital Expenditure	Depreciation
2003								
African Products	1 487	114	(104)	1 984	792	1 296	81	69
Hulett Aluminium (50%)	1 600	22	3	2 590	700	2 340	55	52
Moreland	226	92	90	428	180	248		
Tongaat-Hulett Sugar	3 246	263	214	2 407	582	1 989	212	101
Corporate		(39)	(69)	904	994	874	3	1
Triangle dividend			19					
Exchange rate translation loss			(80)					
Group total	6 559	452	73	8 313	3 248	6 747	351	223
2002 (Restated)								
African Products	1 470	262	236	2 083	900	1 428	107	77
Hulett Aluminium (50%)	1 623	179	136	2 626	843	2 402	31	34
Moreland	146	20	20	405	114	292		
Tongaat-Hulett Sugar	2 864	391	420	2 330	628	1 853	119	97
Corporate		(34)	(58)	965	362	949	5	1
Triangle dividend			71					
Exchange rate translation loss			(151)					
Group total	6 103	818	674	8 409	2 847	6 924	262	209

The aggregate effect of intra-group transactions is immaterial.
The investment in associate is included in segment assets of Tongaat-Hulett Sugar and the details thereof are disclosed in note 5.

GEOGRAPHICAL ANALYSIS OF REVENUE

Rmillion	**2003**	2002
South Africa	**4 565**	4 018
Rest of Africa	**702**	802
North America	**452**	504
Australasia	**307**	415
Asia and other	**274**	136
Europe	**194**	170
South America	**65**	58
	6 559	6 103



(Brackets denote comparative figures)

FINANCIAL STATISTICS (Including discontinued operations)	**2003**	2002	2001	2000	1999
TRADING RESULTS (Rmillion)					
Revenue	**6 559**	6 103	5 465	5 365	4 399
Earnings before interest and tax	**73**	674	923	660	523
Net financing costs	**(152)**	(134)	(82)	(6)	61
Exceptional items	**7**	6	(5)	(138)	(189)
Earnings before tax	**(72)**	546	836	516	395
Tax	**77**	(122)	(199)	(145)	(71)
Share of associate company's loss	**(45)**	(36)	(20)	(15)	(11)
Minority shareholders	**(1)**		1	12	
Total net earnings	**(41)**	388	618	368	313
Headline (loss)/earnings	**(93)**	380	608	498	487
SOURCE OF CAPITAL (Rmillion)					
Equity	**4 193**	4 551	4 382	4 038	3 743
Minority interests in subsidiaries	**6**	5	5	6	19
Deferred tax	**866**	1 006	912	762	662
Borrowings – long & short-term	**1 369**	931	1 502	1 422	1 427
Provisions	**260**	245	225	185	146
Derivative instruments	**53**	186	122		
Total capital employed	**6 747**	6 924	7 148	6 413	5 997
EMPLOYMENT OF CAPITAL (Rmillion)					
Property, plant, equipment and investments	**4 204**	4 173	4 247	4 185	4 009
Growing crops	**179**	168	165		
Long-term receivable	**210**	210	210	210	210
Derivative instruments	**11**	51	308		
Inventories and receivables	**2 901**	2 869	2 185	2 220	2 070
Cash resources	**808**	938	1 125	699	810
Total assets	**8 313**	8 409	8 240	7 314	7 099
Current liabilities (excluding short-term borrowings)	**1 566**	1 485	1 092	901	1 102
	6 747	6 924	7 148	6 413	5 997

RATIOS AND STATISTICS

		2003	2002	2001	2000	1999
EARNINGS						
Headline earnings per share - (cents)		**(91,7)**	375,2	602,4	494,0	484,2
Dividends per share - (cents)		**120,0**	270,0	270,0	212,0	207,0
Dividend cover - (times)		**–**	1,4	2,2	2,3	2,3
PROFITABILITY						
Operating margin		**1,1%**	11,0%	16,9%	12,3%	11,9%
Pre-tax return on capital employed		**2,1%**	10,6%	15,2%	14,1%	14,0%
Return on equity		**(2,1%)**	8,5%	14,4%	12,8%	13,2%
FINANCE						
Debt to equity		**32,6%**	20,5%	34,3%	35,2%	38,1%
Net debt to equity		**13,4%**	–	8,6%	17,9%	16,5%
Current ratio		**1,45**	2,11	2,32	2,29	2,26
Liquidity ratio		**0,76**	1,07	1,39	1,63	1,56
SHARES						
Shares in issue - (millions)	– issued	**101**	101	101	101	101
	– weighted	**101**	101	101	101	101
Market capitalisation	– Rmillion	**3 399**	4 764	5 461	3 848	5 240
Net asset value per share	– (cents)	**4 132**	4 490	4 333	4 003	3 714
Share price - (cents)	– balance sheet date	**3 350**	4 700	5 400	3 815	5 200
	– high	**4 698**	6 620	5 790	5 190	5 220
	– low	**2 900**	4 599	3 770	2 840	2 970
Annual volume of shares traded	– (millions)	**53**	30	26	37	35

Note: Only comparative figures for the year ended 31 December 2002 have been restated for the change in accounting policy.

Annual Financial Statements

for the year ended 31 December 2003

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Currency Conversion Guide

	Closing rate at 31 December		
	2003	2002	2001
US dollar	6,67	8,58	11,96
UK pound	11,94	13,81	17,40
Euro	8,41	9,01	10,64

	Average rate for year		
	2003	2002	2001
US dollar	7,55	10,48	8,62
UK pound	12,34	15,77	12,41
Euro	8,55	9,92	7,72

REPORT OF THE INDEPENDENT AUDITORS

to the members of the Tongaat-Hulett Group limited

We have audited the annual financial statements and Group annual financial statements of The Tongaat-Hulett Group Limited set out on pages 43 to 75 for the year ended 31 December 2003. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the company and the Group at 31 December 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act.

Deloitte & Touche

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)

Durban, KwaZulu-Natal

20 February 2004

CERTIFICATE BY COMPANY SECRETARY

I certify that the company has lodged with the Registrar of Companies all returns that are required of a public company in terms of the Companies Act in respect of the year ended 31 December 2003 and that all such returns are true, correct and up to date.

M A Kennedy
Company Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

20 February 2004

DIRECTORS' APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2003

The directors are responsible for the preparation and integrity of the annual financial statements of the company and the Group and other information included in this report which has been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

The directors, supported by the audit and compliance committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on comment by the independent auditors on the results of their statutory audit, that the Group's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that the Group's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year.

In preparing the financial statements, the Group has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and has complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company and the Group at 31 December 2003 and the results of their operations for the year then ended. The directors are also of the opinion that the Group will continue as a going concern in the year ahead.

The independent auditors concur with the above statements by the directors.

The annual financial statements were approved by the board of directors on 20 February 2004 and are signed on their behalf by:

C M L Savage
Chairman

P H Staude
Chief Executive Officer

Amanzimnyama
Tongaat, KwaZulu-Natal

20 February 2004

The directors have pleasure in submitting the annual financial statements of the company and of the Group for the year ended 31 December 2003.

HOLDING COMPANY

The company's holding company is Anglo South Africa Capital (Pty) Limited and its ultimate holding company is Anglo American plc, a company incorporated in England.

NATURE OF BUSINESS

The Group comprises four operations: African Products, Hulett Aluminium, Moreland, Tongaat-Hulett Sugar. Their activities are dealt with separately in the annual report.

FINANCIAL RESULTS

The total net loss of the Group for the year ended 31 December 2003 amounted to R41 million (2002 – earnings of R388 million). This translates into a headline loss per share of 91,7 cents (2002 – headline earnings per share of 375,2 cents) based on the increased weighted average number of shares in issue during the year.

DIVIDENDS

An interim dividend No. 152 of 40 cents per share was paid on 4 September 2003 and a final dividend No. 153 of 80 cents per share has been declared and is payable on 25 March 2004 to shareholders registered at the close of business on 19 March 2004.

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

Last date to trade ordinary shares "CUM" dividend	Friday	12 March 2004
Ordinary shares trade "EX" dividend	Monday	15 March 2004
Record date	Friday	19 March 2004
Payment date	Thursday	25 March 2004

Share certificates may not be dematerialised or re-materialised, nor may transfers between registers take place between Monday 15 March 2004 and Friday 19 March 2004, 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 12 March 2004.

SHARE CAPITAL

There was no change in the authorised share capital of the company. During the year 115 620 shares were allotted (including 42 960 shares to directors) in respect of options exercised in terms of the Group's employee share incentive scheme for a total consideration of R2 million. Details of the unissued ordinary shares, share options granted and exercised and the Group's share incentive schemes are set out in note 24.

Shareholders will be asked to consider an ordinary resolution at the forthcoming annual general meeting to place the unissued shares of the company under the control of the directors until the following annual general meeting.

At the previous annual general meeting, a general authority was granted by shareholders for the company to acquire its own shares in terms of the Companies Act. The directors consider that it will be advantageous for the company were this general authority to continue. Such authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the cash resources of the company at the relevant time. Shareholders will be asked to consider a special resolution to this effect at the forthcoming annual general meeting.

In compliance with the listings requirements of the JSE Securities Exchange South Africa ("JSE"), the acquisition of shares or debentures ("securities") pursuant to a general authority may only be made by a company subject to such acquisitions:

- being effected through the order book operated by the JSE trading system;
- being authorised thereto by the company's articles of association;
- being authorised by the shareholders of the company in terms of a special resolution of the company in general meeting which will be valid only until the next annual general meeting of the company; provided that such authority will not extend beyond 15 months from the date of the resolution;
- not being made at a price greater than ten percent above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is

effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five business day period.

Further, in terms of the listings requirements of the JSE:

- the acquisition by a company of its own securities may not, in the aggregate, in any one financial year exceed 20 percent of that company's issued share capital of that class;
- the directors consider that in their opinion, taking into account the effect of the maximum acquisition by the company of shares issued by it as referred to above:

(a) the company and its subsidiaries (together "the Group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months from 20 February 2004;

(b) the assets of the company and of the Group will be in excess of the liabilities of the company and the Group for a period of 12 months from 20 February 2004. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the company's latest audited Group annual financial statements;

(c) the ordinary capital and reserves of the company and the Group will be sufficient for the company's and the Group's present requirements for 12 months from 20 February 2004;

(d) the working capital of the company and the Group for a period of 12 months from 20 February 2004 will be adequate for the company's and the Group's requirements.

SUBSIDIARY COMPANIES AND JOINT VENTURES

The principal subsidiaries and joint ventures of the Group are reflected in note 32.

The attributable interest of the company in the results of its consolidated subsidiaries and joint ventures for the year ended 31 December 2003 is as follows:

	2003	2002
In the aggregate amount of:		
Net earnings – (Rmillion)	212	280
Net losses – (Rmillion)	132	125

DIRECTORATE

The names of the directors and alternate directors of the company in office at the date of this report are reflected on pages 36 and 37.

Messrs PM Baum and MH Munro were appointed as directors on 23 September 2003 and 1 October 2003 respectively. Mr JB Magwaza retired in his executive capacity on 31 July 2003 and remains on the board as a non-executive director. Mr EK Diack resigned as a director on 26 November 2003. At the board meeting on 20 February 2004 Mr I Botha was appointed as a director with effect from 23 February 2004.

Directors retiring at the annual general meeting in accordance with the articles of association are: Messrs DD Barber, PM Baum, I Botha, BG Dunlop, GPN Kruger, MH Munro, SJ Saunders and Mrs TH Nyasulu. These directors are all eligible and offer themselves for re-election. Details of each of these retiring directors are set out on pages 36 and 37.

DIRECTORS' SHAREHOLDINGS

At 31 December 2003, the present directors and alternate directors of the company beneficially held a total of 1 079 085 ordinary shares equivalent to one percent in the company (2002 – 1 038 725 shares equivalent to one percent) and held unexercised options to acquire a total of 1 548 300 ordinary shares in the company (2002 – 1 381 460). They also held, in a non-beneficial capacity, a total of 508 310 ordinary shares equivalent to 0,5 percent in the company (2002 – 508 310 shares equivalent to 0,5 percent). Details of the directors' shareholdings are provided in note 25. There has been no material change in these holdings between 31 December 2003 and 20 February 2004.

POST BALANCE SHEET EVENTS

There were no material events between the balance sheet date and the date of this report.

BALANCE SHEETS

as at 31 December 2003

Company 2002 Restated	Company 2003	Rmillion	Note	Group 2003	Group 2002 Restated
		ASSETS			
		Non-current assets			
1 889	**1 908**	Property, plant and equipment	1	**4 162**	4 104
100	**94**	Growing crops	2	**179**	168
210	**210**	Long-term receivable	3	**210**	210
		Goodwill	4	**37**	40
2	**2**	Investments	5	**5**	29
39	**11**	Derivative instruments	6	**11**	51
639	**919**	Subsidiaries and joint ventures	7		
2 879	**3 144**			**4 604**	4 602
1 923	**1 825**	**Current assets**		**3 709**	3 807
1 246	**1 251**	Inventories	8	**1 769**	1 887
514	**527**	Accounts receivable		**1 132**	982
163	**47**	Cash resources		**808**	938
4 802	**4 969**	**TOTAL ASSETS**		**8 313**	8 409
		EQUITY AND LIABILITIES			
		Capital and reserves			
101	**101**	Share capital	9	**101**	101
728	**730**	Share premium		**730**	728
36	**14**	Non-distributable reserves		**29**	115
2 000	**1 725**	Retained income		**3 333**	3 607
2 865	**2 570**	**Equity**		**4 193**	4 551
		Minority interest in subsidiaries		**6**	5
401	**296**	**Deferred tax**	10	**866**	1 006
183		**Long-term borrowings**	11	**371**	614
212	**221**	**Provisions**	12	**260**	245
64	**1**	**Derivative instruments**	6	**53**	186
1 077	**1 881**	**Current liabilities**		**2 564**	1 802
1 006	**1 036**	Trade and other payables	13	**1 551**	1 476
71	**845**	Short-term borrowings	11	**998**	317
		Tax		**15**	9
4 802	**4 969**	**TOTAL EQUITY AND LIABILITIES**		**8 313**	8 409

INCOME STATEMENTS

for the year ended 31 December 2003

Company 2002 Restated	Company 2003	Rmillion	Note	Group 2003	Group 2002 Restated
4 102	**4 406**	**REVENUE**		**6 559**	6 103
		EARNINGS FOR THE YEAR			
528	**219**	Underlying operating profit	14	**452**	818
137	**54**	Dividends received from subsidiaries	15	**19**	71
(16)	**(230)**	Valuation adjustments on financial instruments and other items	16	**(398)**	(215)
649	**43**	**EARNINGS BEFORE INTEREST AND TAX**		**73**	674
(40)	**(150)**	Net financing costs	17	**(152)**	(134)
609	**(107)**	**(LOSS)/EARNINGS BEFORE EXCEPTIONAL ITEMS**		**(79)**	540
2	**1**	Exceptional items	18	**7**	6
611	**(106)**	**(LOSS)/EARNINGS BEFORE TAX**		**(72)**	546
		Tax	19		
(99)	**62**	(Loss)/earnings before exceptional items		**75**	(124)
2	**2**	Exceptional items		**2**	2
514	**(42)**	**(LOSS)/EARNINGS AFTER TAX**		**5**	424
		Share of associate company's loss	5	**(45)**	(36)
		Minority shareholders' share of loss		**(1)**	
514	**(42)**	**TOTAL NET (LOSS)/EARNINGS**		**(41)**	388
		HEADLINE (LOSS)/EARNINGS	20	**(93)**	380
		(LOSS)/EARNINGS PER SHARE (cents)	21		
		Total net (loss)/earnings			
		Basic		**(40,4)**	383,1
		Diluted		**(40,3)**	377,2
		Headline (loss)/earnings			
		Basic		**(91,7)**	375,2
		Diluted		**(91,3)**	369,4
		DIVIDENDS PER SHARE (cents)		**120,0**	270,0

CASH FLOW STATEMENTS

for the year ended 31 December 2003

Company 2002 Restated	Company 2003	Rmillion	Group 2003	Group 2002 Restated
		Cash generated from operations		
649	**43**	Earnings before interest and tax	**73**	674
(40)	**(150)**	Net financing costs	**(152)**	(134)
		Non-cash items:		
159	**153**	Depreciation	**223**	209
		Adjustment for exchange rate translation loss	**80**	151
15	**9**	Provisions	**15**	20
	(1)	Surplus on disposal of plant and equipment	**(2)**	
86	**(69)**	Other	**(92)**	(17)
(28)	**(29)**	Tax payments	**(42)**	(39)
841	**(44)**	Cash generated from operations	**103**	864
		Cash required by operations		
(583)	**(6)**	Inventories	**105**	(580)
(141)	**(44)**	Accounts receivable	**(202)**	(136)
391	**36**	Trade and other payables	**94**	413
(333)	**(14)**	Increase in working capital	**(3)**	(303)
508	**(58)**	**Cash flows from operating activities**	**100**	561
		Cash flows from investing activities		
		Expenditure on property, plant and equipment		
(145)	**(91)**	– New	**(206)**	(167)
(31)	**(63)**	– Replacement	**(106)**	(56)
(39)	**(39)**	– Major plant overhaul costs capitalised	**(39)**	(39)
	22	Growing crops	**21**	(12)
26	**33**	Proceeds on disposal of property, plant and equipment	**43**	36
	(89)	Investments – shares in subsidiary		
		Investments	**(19)**	(1)
(189)	**(227)**	Net cash used in investing activities	**(306)**	(239)
		Dividends paid		
(211)	**(193)**	Previous year final	**(193)**	(211)
(81)	**(40)**	Current year interim	**(40)**	(81)
(292)	**(233)**	Dividends paid	**(233)**	(292)
27	**(518)**	**Net cash flow before financing activities**	**(439)**	30
		Cash flows from financing activities		
(150)	**591**	Borrowings raised/(repaid)	**553**	(226)
		Hedges of foreign loans	**(161)**	159
8	**2**	Shares issued	**2**	8
160	**(191)**	Inter-group loans		
18	**402**	Net cash from/(utilised in) financing activities	**394**	(59)
45	**(116)**	Net (decrease)/increase in cash resources	**(45)**	(29)
118	**163**	Cash resources at beginning of year	**938**	1 125
		Exchange rate translation loss	**(80)**	(151)
		Foreign exchange adjustment	**(9)**	(11)
		Gain on cash equivalent investment	**4**	4
163	**47**	**Cash resources at end of year**	**808**	938

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2003

Rmillion	Share Capital	Share Premium	Capital Redemption Reserve Funds	Hedging and Translation Reserves	Retained Surplus	Total
GROUP						
Balance at 1 January 2002	101	720	33	15	3 513	4 382
Effect of change in accounting policy (note 31)					(3)	(3)
Restated balance	101	720	33	15	3 510	4 379
Share capital issued		8				8
Currency exchange rate changes				(14)		(14)
Hedge reserve released to income statement				41		41
Gains from cash flow hedges				16		16
Gain on cash equivalent investment				4		4
Share of associate's reserves				21		21
Subsidiaries deregistered				(1)	1	
Total net earnings for the year					388	388
Dividends					(292)	(292)
Balance at 31 December 2002	101	728	33	82	3 607	4 551
Share capital issued		2				2
Currency exchange rate changes				(13)		(13)
Hedge reserve released to income statement				(23)		(23)
Loss from cash flow hedges				(27)		(27)
Gain on cash equivalent investment				4		4
Realised gain on cash equivalent investment sold				(43)		(43)
Share of associate's reserves				16		16
Total net loss for the year					(41)	(41)
Dividends					(233)	(233)
Balance at 31 December 2003	101	730	33	(4)	3 333	4 193
COMPANY						
Balance at 1 January 2002	101	720	29	(46)	1 781	2 585
Effect of change in accounting policy (note 31)					(3)	(3)
Restated balance	101	720	29	(46)	1 778	2 582
Share capital issued		8				8
Hedge reserve released to income statement				46		46
Gains from cash flow hedges				7		7
Total net earnings for the year					514	514
Dividends					(292)	(292)
Balance at 31 December 2002	101	728	29	7	2 000	2 865
Share capital issued		2				2
Hedge reserve released to income statement				(7)		(7)
Loss from cash flow hedges				(15)		(15)
Total net loss for the year					(42)	(42)
Dividends					(233)	(233)
Balance at 31 December 2003	101	730	29	(15)	1 725	2 570

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and, except for the change in accounting policy as set out below, are consistent with those applied in the previous year.

CHANGE IN ACCOUNTING POLICY

The Group has implemented an accounting policy for the recognition of maize purchase commitments that are considered to be constructive obligations. Maize that relates to such a constructive obligation is recognised as inventory, the related liability is recognised as a current liability and to the extent that the final purchase price includes a financing element, this is recognised as interest over the period of the obligation.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the company and of its subsidiaries, except those foreign subsidiaries where, in the opinion of the directors, there is uncertainty as to the recovery of profits or remittance of dividends. The investment in such foreign subsidiaries is included at cost less provisions and amounts written off, and results are accounted for only to the extent that dividends, net of any withholding taxes, are received. The results of all other subsidiaries are included from the dates effective control was acquired and up to the dates effective control ceased. Investments in joint ventures are accounted for on the proportionate consolidation method from the effective dates of acquisition and up to the effective dates of disposal. All material intra-group balances and transactions are eliminated. Results of subsidiaries are not equity accounted in the holding company's financial statements.

DISCONTINUING OPERATIONS

Discontinuing operations are significant, distinguishable components of the Group that have been sold, abandoned or are the subject of formal plans for disposal or discontinuance. Once an operation is identified as discontinuing it is treated as such.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Interest and other costs incurred on major capital projects are capitalised until all the activities necessary to prepare assets for their intended use are substantially complete.

Assets held under finance lease agreements are capitalised at fair value and the corresponding liabilities to the lessor are raised. Lease finance charges are charged to earnings over the term of the relevant lease using the effective interest rate method.

Land and capital work in progress are not depreciated. Major capital projects when brought into use are depreciated using the units of production method until 80 percent of design capacity is achieved. All other fixed assets, including major factory overhaul costs, are depreciated on the straight line basis, over their expected useful lives to estimated residual values at rates appropriate to their use.

The rates of depreciation used are:

Buildings	30 to 50 years
Plant and equipment	4 to 40 years
Vehicles	4 to 10 years
Furniture and equipment	3 to 10 years

GROWING CROPS

Growing crops comprise roots and standing cane, and are valued at fair value determined as follows:

- Roots at current replacement cost of planting and establishment and subsequently reduced in value over the period of their productive life;
- Standing cane at the estimated sucrose content less harvesting, transport and over the weighbridge costs.

GOODWILL

Goodwill represents the excess of the cost of acquisition of subsidiaries and joint ventures over the Group's share of the fair value of the net assets at the date of acquisition. Only goodwill occurring on or after 1 January 1999 is reported in the balance sheet. Goodwill is amortised over its estimated useful life up to a maximum of 20 years.

ASSOCIATE COMPANIES

Associates are those companies, which are not subsidiaries or joint ventures, over which the Group exercises significant influence. Results of associates are equity accounted. Any losses of associates are brought to account until the investment in, and loans to, such associates are written down to a nominal amount. Thereafter losses are accounted for only insofar as the Group is committed to providing financial support to such associates.

The carrying value of investments in associates represents the cost of each investment including unamortised goodwill, the share of post acquisition retained earnings or losses and other movements in reserves.

INVENTORIES

Inventories are valued at the lower of cost or net realisable value determined in general on the first-in-first-out and average methods. The cost of finished goods and work in progress comprises direct materials, labour and a portion of manufacturing overhead costs. Progress payments are deducted from work in progress where applicable. Development properties comprise land valued at cost and development expenditure attributable to unsold properties. Obsolete and slow moving inventories are identified and suitable reductions in value are made where necessary.

DEFERRED TAX

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction, which does not affect either taxable profit or accounting earnings.

IMPAIRMENT

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset, being the higher of its net selling price and its value in use, is assessed in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately and are treated as exceptional items.

REVENUE

Revenue comprises sales arising from normal trading activities excluding intra-group transactions and is recognised when the significant risks and rewards of the goods are transferred to the buyer. In the determination of revenue VAT is excluded.

RESEARCH AND DEVELOPMENT

Expenditure on research is charged to earnings in the year in which it is incurred. Development costs are reviewed annually and are expensed if they do not qualify for capitalisation. The amount of development cost recognised as an asset is amortised over the estimated useful life of the related development but not exceeding five years.

FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the year end. Gains or losses arising on translation of foreign currency transactions are included in earnings. The financial statements of consolidated foreign subsidiaries are translated as follows:

- In the case of those subsidiaries classified as independent foreign entities, assets and liabilities are translated at rates of exchange ruling at the year end. Income, expenditure and cash flow items are translated using the average rate for the year. Differences arising on translation of these entities are reflected in non-distributable reserves.

- In the case of subsidiaries classified as integrated foreign operations, non-monetary assets are translated at rates of exchange ruling at the time of acquisition, whereas monetary assets and liabilities are translated at rates of exchange at the year end. Income, expenditure and cash flow items are translated using the average rate for the year. Differences arising on translation of these operations are included in earnings.

FINANCIAL INSTRUMENTS

Recognition

A financial asset or financial liability is recognised on the balance sheet for as long as the Group is a party to the contractual provisions of the instrument. Purchases of derivatives are recognised on trade date and sales are recognised on settlement date. Gains or losses on derecognition of financial assets or liabilities are recognised in earnings.

Measurement

Financial instruments are initially measured at cost, including directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as follows:

- Trade and other receivables originated by the Group are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables with no fixed maturity are held at cost.

- Held-to-maturity investments are held at amortised cost using the effective interest method after deducting accumulated impairment losses.

- Held-for-trading and cash equivalent investments are held at fair value.

- Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.

Gains or losses on subsequent measurement

Gains or losses on subsequent measurement of financial instruments that are carried at fair value, and are not part of a hedging relationship, are accounted for as follows:

- Held-for-trading financial assets are recognised in earnings for the year.

- Cash equivalent investments are taken to equity until the financial asset is disposed of, or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in earnings for the year.

For the purposes of hedge accounting, hedges are classified into two categories:

- Fair value hedges, which hedge the exposure to changes in the fair value of a recognised asset or liability; and

- Cash flow hedges, which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

In relation to fair value hedges, which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument to fair value is recognised in earnings for the period. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in earnings for the period.

In relation to cash flow hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity and the ineffective portion is recognised in earnings for the period. For cash flow hedges affecting future transactions, the gains or losses, which are recognised in shareholders' equity, are transferred to earnings in the same period in which the hedged transaction affects earnings. Where the hedged transaction results in the recognition of an asset or a liability, then at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in shareholders' equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Set-off

Where the redemption of debt, raised for major capital projects, is provided for by sinking funds or financial instruments which allow for the contractual right of set-off against the debt on the repayment date, and it is expected that the debt will be settled in this way, the related income statement, cash flow statement and balance sheet items are set off.

EMPLOYEE BENEFITS

Retirement funds

The assets of the Group's defined benefit scheme and defined contribution schemes are held separately from those of the Group and are administered and controlled by trustees.

Surpluses arising in the defined benefit scheme are not recognised on the balance sheet of the Group due to the current uncertainty as to the entitlement thereto as the Surplus Apportionment Plan, which will determine the entitlement of any party to a share in any scheme surplus, is currently being developed.

Contributions to defined contribution schemes are charged against earnings when incurred.

Post-retirement medical aid benefits and retirement gratuities

Provision is made for post-retirement medical aid benefits and gratuities payable on retirement and is based on the present value of those liabilities for services rendered to date as determined by independent actuaries. Actuarial gains and losses are amortised over ten years, beginning in the year that the actuarial gain or loss arises.

1. PROPERTY, PLANT AND EQUIPMENT (Rmillion)

Group	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Carrying value at beginning of year	4 104	685	3 072	205	9	133
Additions	351	7	102	19	86	137
Disposals	(21)	(14)	(4)			(3)
Depreciation	(223)	(9)	(178)	(32)	(4)	
Transfers		(10)	31	7		(28)
Currency alignment	(47)	(25)	(8)	(4)	(9)	(1)
Impairment	(2)		(2)			
Carrying value at end of year	4 162	634	3 013	195	82	238
Comprising:						
2003						
At cost	5 485	748	3 956	423	120	238
Less: Accumulated depreciation	1 323	114	943	228	38	
	4 162	634	3 013	195	82	238
2002						
At cost	5 287	790	3 922	397	45	133
Less: Accumulated depreciation	1 183	105	850	192	36	
	4 104	685	3 072	205	9	133

Company	Total	Land and buildings	Plant and equipment	Vehicles and other	Capitalised leased plant and vehicles	Capital work in progress
Carrying value at beginning of year	1 889	296	1 342	129	7	115
Additions	193	5	88	10		90
Disposals	(19)	(14)	(2)			(3)
Depreciation	(153)	(4)	(127)	(21)	(1)	
Transfers		(5)	36	(2)		(29)
Impairment	(2)		(2)			
Carrying value at end of year	1 908	278	1 335	116	6	173
Comprising:						
2003						
At cost	2 881	338	2 059	282	29	173
Less: Accumulated depreciation	973	60	724	166	23	
	1 908	278	1 335	116	6	173
2002						
At cost	2 759	346	1 988	281	29	115
Less: Accumulated depreciation	870	50	646	152	22	
	1 889	296	1 342	129	7	115

Plant and machinery with a book value of R46 million are encumbered as security for the secured finance lease obligations and as security for certain short-term borrowings of R14 million.

The register of land and buildings is available for inspection at the company's registered office.

2. GROWING CROPS (Rmillion)

	Group **2003**	Group 2002	Company **2003**	Company 2002
Reconciliation of carrying value:				
Carrying value at beginning of year	**168**	165	**100**	99
Increase due to purchases/increased area under cane	**6**			
Gain arising from physical growth and price changes	**40**	16	**16**	9
Net decrease due to reduced area under cane	**(27)**	(2)	**(22)**	(8)
Currency alignment	**(8)**	(11)		
Carrying value at end of year	**179**	168	**94**	100

2. **GROWING CROPS** continued

	Group		Company	
	2003	2002	**2003**	2002
Area under cane (hectares)				
South Africa	**13 436**	14 802	**13 436**	14 802
Mozambique	**7 480**	7 570		
Swaziland	**3 811**	3 754		
	24 727	26 126	**13 436**	14 802

3. **LONG-TERM RECEIVABLE** (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Advances to an export partnership	**210**	210	**210**	210

The company participates in an export partnership engaged in the construction of luxury vessels in order to foster the use of aluminium plate in marine applications.

4. **GOODWILL** (Rmillion)

	Group	
	2003	2002
At cost	**49**	49
Accumulated amortisation		
Balance at beginning of year	**9**	7
Current charge	**3**	2
Balance at end of year	**12**	9
Carrying value at end of year	**37**	40

Goodwill is amortised over 20 years.

5. **INVESTMENTS** (Rmillion)

	Group	
	2003	2002
Associate:		
The carrying value of the Group's 49% interest in Açucareira de Xinavane, SARL (Mozambique) comprises:		
Unlisted shares	**20**	20
Loan	**74**	72
Cumulative share of post-acquisition deficits	**(94)**	(68)
Balance at beginning of year	**(68)**	(53)
Movement in currency translation reserve	**19**	21
Loss for the year	**(45)**	(36)
Book value	**0**	24
Directors' valuation	**0**	24

5. INVESTMENTS (Rmillion) continued

	Group 2003	Group 2002	Company 2003	Company 2002
Net assets and results of associate:				
Property, plant and equipment	**323**	418		
Growing crops	**42**	42		
Current assets	**99**	34		
Current liabilities	**(92)**	(64)		
Borrowings:				
- External	**(385)**	(422)		
- Shareholders	**(155)**	(116)		
Net deficit	**(168)**	(108)		
Other shareholders' share of deficit	**86**	55		
Group share of deficits (pre and post-acquisition)	**(82)**	(53)		
Revenue	**103**	104		
Operating (loss)/earnings before depreciation	**(3)**	32		
Depreciation	**(27)**	(30)		
Foreign exchange loss	**(31)**	(43)		
Loss before financing costs	**(61)**	(41)		
Financing costs	**(32)**	(33)		
Loss for the year	**(93)**	(74)		
Other shareholders' interest	**48**	38		
Group share of loss	**(45)**	(36)		
Other investments:				
Unlisted shares at fair value	**2**	2		
Loans	**3**	3	**2**	2
Book value	**5**	5	**2**	2
Carrying value of investments	**5**	29	**2**	2

A schedule of unlisted investments is available for inspection at the company's registered office.

6. DERIVATIVE INSTRUMENTS (Rmillion)

The fair value of derivative instruments at year end was:

	Group 2003	Group 2002	Company 2003	Company 2002
Forward exchange contracts - hedge accounted	**(34)**	(86)	**10**	24
Forward exchange contracts - not hedge accounted	**(1)**	(2)	**(1)**	(2)
Options		(12)		(12)
Futures contracts - hedge accounted	**(7)**	(11)	**1**	(11)
Other embedded derivatives		(24)		(24)
	(42)	(135)	**10**	(25)
Summarised as:				
Derivative assets	**11**	51	**11**	39
Derivative liabilities	**(53)**	(186)	**(1)**	(64)
	(42)	(135)	**10**	(25)

The book value of other financial instruments approximates fair value with the exception of the fixed rate debt of R1 168 million (2002 - R1 096 million) which will be discharged at face value during 2004. The fair value of this fixed rate debt is R1 215 million (2002 - R1 155 million) which has been determined using a discounted cash flow calculation that uses current market interest rates charged for loans with similar terms and credit risk.

Further details on derivative instruments are set out in note 30.

7. **SUBSIDIARIES AND JOINT VENTURES** (Rmillion)

	Company 2003	Company 2002
Shares at cost, less amounts written off	**498**	409
Indebtedness by	**527**	720
Indebtedness to	**(106)**	(490)
	919	639

The Group's proportionate share of the assets, liabilities and post-acquisition reserves of joint ventures, which comprise in the main, Hulett Aluminium, is included in the consolidated financial statements as follows:

	2003	2002
Property, plant, equipment and investments	**1 987**	1 998
Current assets	**639**	650
Less: Current liabilities	**(274)**	(228)
Capital employed	**2 352**	2 420
Less: Long-term borrowings	**(470)**	(564)
Post-acquisition reserves	**(1 169)**	(1 168)
Deferred tax, provisions and derivative instruments	**(583)**	(639)
Minority interests in subsidiary	**(6)**	(6)
Interest in joint ventures	**124**	43

The Group's proportionate share of the trading results of the joint ventures is as follows:

	2003	2002
Revenue	**1 618**	1 625
(Loss)/earnings for the year	**(74)**	61
Tax	**24**	(17)
Minority interest	**(1)**	
Total net (loss)/earnings	**(51)**	44

The Group's proportionate share of cash flows of the joint ventures is as follows:

	2003	2002
Cash flows from operating activities	**(19)**	110
Net cash used in investing activities	**(55)**	(31)
Net movement in cash resources	**(74)**	79

The assets, liabilities and results of Triangle, which are not included in the consolidated financial statements and which have not been adjusted for inflation, are translated at the official Zimbabwe dollar exchange rate as follows:

	2003	2002		2003	2002
Equity	**365**	393	* Property, plant and equipment	**22**	216
Minority interest	**9**	46	Growing crops	**392**	334
Deferred tax	**121**	138	Current assets	**486**	986
Long-term borrowings	**4**	3	Current liabilities	**(401)**	(956)
	499	580		**499**	580

	2003	2002
Revenue	**954**	2 180
After tax earnings:		
Net operating earnings	**152**	37
Surplus on revaluation of growing crops to current fair value	**293**	80
Total net earnings	**445**	117

* Property, plant and equipment have been accounted for in terms of the historical cost convention.

8. INVENTORIES (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Raw materials	**586**	576	**493**	479
Work in progress	**77**	111	**4**	4
Finished goods	**775**	846	**697**	698
Consumable stores	**117**	98	**57**	65
Development properties	**214**	256		
	1 769	1 887	**1 251**	1 246

Included in raw materials is an amount of R517 million (2002 – R424 million) that relates to the constructive obligation that has been recognised on maize procurement contracts.

9. SHARE CAPITAL (Rmillion)

	2003	2002
Authorised:		
150 000 000 ordinary shares of R1 each	**150**	150
Issued and fully paid:		
101 467 417 (2002 - 101 351 797)	**101**	101

Unissued:

Under option to employees, for a period of ten years from date granted, to subscribe for 7 040 460 shares at an average price of R38,36 per share (2002 – 5 957 600 shares at R39,50 per share).

Under control of directors for the purposes of the company's share incentive scheme 3 106 282 shares (2002 – 4 177 580 shares).

Under control of directors in terms of a shareholders' resolution 38 385 841 shares (2002 – 38 513 023 shares).

Details of share options are set out in note 24.

10. DEFERRED TAX (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Restated at beginning of year	**1 006**	911	**401**	305
Accounted for in equity	**(12)**	25	**(12)**	25
Prior years	**4**	(10)		(13)
Currency alignment	**(2)**	(5)		
Current year (relief)/charge on:				
* Earnings before exceptional items	**(128)**	87	**(91)**	86
Exceptional items	**(2)**	(2)	**(2)**	(2)
Balance at end of year	**866**	1 006	**296**	401
Comprising temporary differences relative to:				
Property, plant and equipment	**888**	865	**362**	346
Growing crops	**41**	42	**28**	30
Export partnership	**210**	210	**210**	210
Current assets	**51**	55	**5**	6
Current liabilities	**(112)**	(103)	**(95)**	(89)
Tax losses	**(229)**	(128)	**(225)**	(105)
Other	**17**	65	**11**	3
	866	1 006	**296**	401

* Included in the current year relief is the reversal of R64 million relating to the reserves of foreign subsidiaries which will no longer be taxable on repatriation to South Africa as a result of amended tax legislation.

11. **BORROWINGS** (Rmillion)

		Group		Company	
		2003	2002	**2003**	2002
Short-term		**902**	296	**829**	71
Bank overdraft		**96**	21	**16**	
		998	317	**845**	71
Long-term		**371**	614		183
		1 369	931	**845**	254

Long-term borrowings comprise:

	Effective interest rate (%)	Group **2003**	Group 2002	Company **2003**	Company 2002
Secured:					
SA Rand					
Finance leases (refer to note 27)	11,3-15,2	**7**	11		
Unsecured:					
SA Rand					
Repayable 2004	15,0	**103**	183	**103**	183
Repayable 2004/2008	12,7	**165**	187		
Foreign					
Repayable 2004/2009	Libor + 0,4	**174**	265		
Repayable 2004/2024	0-12,0	**98**	129		
		540	764	**103**	183
Total long-term borrowings		**547**	775	**103**	183
Less: Current portion included in short-term borrowings		**176**	161	**103**	
		371	614		183

Plant and machinery with a book value of R46 million are encumbered as security for the secured finance lease obligations and as security for certain short-term borrowings of R14 million.

Unsecured Rand denominated long-term loans of R268 million (2002 – R370 million) are shown net after set-off of related investments totalling R1 190 million (2002 - R1 016 million).

The foreign Libor linked unsecured loans are repayable in US dollars and amount to US $28 million (2002 – US $31 million). These loans are recorded at the ruling price at year end and the foreign currency risk is covered by forward exchange contracts. The other unsecured foreign loans, repayable in Mozambique meticais, are also recorded at the ruling price at year end but it has not been possible to cover the foreign currency risk.

Summary of future loan repayments by financial year:

Year	2005	2006	2007	2008	2009	2010	Thereafter
Rmillion	79	84	86	50	17	5	50

In terms of the company's articles of association the borrowing powers of the Group are limited to R6,3 billion.

12. PROVISIONS (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Post-retirement medical aid obligations (note 23)	**211**	199	**177**	170
Retirement gratuity obligations (note 23)	**46**	43	**41**	39
Other	**3**	3	**3**	3
	260	245	**221**	212

13. TRADE AND OTHER PAYABLES (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Accounts payable	**998**	1 030	**483**	560
Maize obligations – interest bearing	**553**	446	**553**	446
	1 551	1 476	**1 036**	1 006

14. UNDERLYING OPERATING PROFIT (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Revenue	**6 559**	6 103	**4 406**	4 102
Cost of sales	**(5 168)**	(4 444)	**(3 534)**	(2 942)
Administration expenses	**(712)**	(661)	**(515)**	(516)
Marketing and selling expenses	**(332)**	(301)	**(207)**	(184)
Other income	**105**	121	**69**	68
Underlying operating profit	**452**	818	**219**	528
Disclosable items:				
Income from unlisted investments	**1**	1		1
Surplus on disposal of plant and equipment	**2**		**1**	
Depreciation charged				
- Buildings	**9**	12	**4**	4
- Plant and equipment	**178**	160*	**126**	125*
- Vehicles and other	**36**	37	**23**	30
Management fees paid to subsidiaries			**10**	20
Management fees paid to third parties	**5**	4		
Technical fees paid	**16**	15	**16**	15
Operating lease charges (property, plant and vehicles)	**13**	11	**10**	7
Auditors' remuneration paid				
- Fees	**5**	4	**3**	2
- Other services	**1**	1	**1**	

* The capitalisation of major plant overhaul costs and the subsequent depreciation are now disclosed separately where they were previously set-off against each other. Consequently the disclosure of capitalised expenditure on property, plant and equipment and depreciation has been restated for 2002, both increasing by R39 million.

15. DIVIDENDS RECEIVED FROM SUBSIDIARIES (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Triangle	**19**	71		
Other subsidiaries			**54**	137
	19	71	**54**	137

16. **VALUATION ADJUSTMENTS ON FINANCIAL INSTRUMENTS AND OTHER ITEMS** (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Maize procurement contracts	**(211)**	(20)	**(211)**	(20)
Translation of foreign currency:				
– foreign cash holdings	**(80)**	(151)		
– other	**(57)**	(15)	**(5)**	
Export receivables	**(33)**	(26)	**(7)**	(5)
Other financial instruments	**(17)**	(3)	**(7)**	9
	(398)	(215)	**(230)**	(16)

17. **NET FINANCING COSTS** (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Interest paid	**(438)**	(340)	**(386)**	(235)
Financial instrument income	**174**	149	**174**	149
Realised gain on cash equivalent investment	**43**			
Interest received - external	**69**	57	**32**	13
Interest received - subsidiaries			**30**	33
	(152)	(134)	**(150)**	(40)

18. **EXCEPTIONAL ITEMS** (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Surplus on sale of property held as fixed assets	**15**	9	**6**	3
Goodwill amortisation	**(3)**	(2)		
Impairment of assets	**(2)**		**(2)**	
Other	**(3)**	(1)	**(3)**	(1)
Exceptional items before tax	**7**	6	**1**	2
Tax (refer note 19)	**2**	2	**2**	2
Exceptional items after tax	**9**	8	**3**	4

19. **TAX** (Rmillion)

	Group		Company	
	2003	2002	**2003**	2002
Tax on earnings before exceptional items:				
Current	**20**	20		
* Deferred	**(128)**	87	**(91)**	86
Secondary tax on companies	**29**	26	**29**	26
Prior years	**4**	(9)		(13)
	(75)	124	**(62)**	99
Tax on exceptional items:				
Deferred	**(2)**	(2)	**(2)**	(2)
Tax for the year	**(77)**	122	**(64)**	97
Foreign tax included above	**9**	19		

19. **TAX** continued

	Group		Company	
	2003	2002	**2003**	2002
Normal rate of South African tax (relief)/charge	**(30,0%)**	30,0%	**(30,0%)**	30,0%
Adjusted for:				
Non-taxable income	**(73,1)**	(4,4)	**(81,5)**	(15,9)
* Reserves of foreign subsidiaries	**(88,9)**	(4,6)		
Assessed losses	**3,6**	(1,7)		
Non-allowable expenditure	**1,9**	0,3	**0,8**	0,1
Secondary tax on companies	**40,3**	4,6	**27,4**	4,1
Capital gains	**33,5**		**22,7**	
Prior years	**5,6**	(1,7)		(2,1)
Effective rate of tax	**(107,1%)**	22,5%	**(60,6%)**	16,2%

Tax losses of R763 million (2002 – R427 million) have been utilised to reduce deferred tax. No deferred tax asset has been raised in respect of the tax losses of a South African subsidiary where future profitability is uncertain and a foreign subsidiary where some of the tax losses may not be utilised in the short-term and may expire in terms of applicable tax legislation.

* Includes the reversal of R64 million relating to the reserves of foreign subsidiaries which will no longer be taxable on repatriation to South Africa as a result of amended tax legislation.

20. **HEADLINE (LOSS)/EARNINGS** (Rmillion)

	Group	
	2003	2002
Total net (loss)/earnings	**(41)**	388
Less after tax effect of:		
* Realised gain on cash equivalent investment	**(42)**	
Exceptional items (note 18)	**(9)**	(8)
Surplus on disposal of plant and equipment	**(1)**	
Headline (loss)/earnings	**(93)**	380

* Previously accounted for directly in equity

21. **EARNINGS PER SHARE**

Earnings per share are calculated using the weighted average number of ordinary shares in issue during the year. In the case of basic earnings per share the weighted average number of shares in issue during the year is 101 417 620 (2002 - 101 268 995) and in respect of diluted earnings per share the weighted average number of shares is 101 815 540 (2002 - 102 870 348).

22. **DIVIDENDS** (Rmillion)

	2003	2002
Paid:		
Final for previous year, paid April 2003 - 190 cents (2002 – 208 cents)	**193**	211
Interim for current year, paid September 2003 - 40 cents (2002 – 80 cents)	**40**	81
	233	292

The final dividend for the year ended 31 December 2003 of 80 cents per share declared on 20 February 2004 and payable on 25 March 2004 has not been accrued.

23. **RETIREMENT BENEFITS**

Pension and provident fund schemes

The Group contributes towards retirement benefits for substantially all permanent employees who, depending on preference or local legislation, are required to be a member of either a Group implemented scheme or of various designated industry or state schemes. The Group schemes are governed by the relevant retirement fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of the Group. The scheme assets are administered by boards of trustees, each of which includes elected employee representatives.

Defined benefit pension scheme

There is one defined benefit scheme for employees including those of the Hulett Aluminium Joint Venture. This scheme is actuarially valued at intervals of not more than three years using the projected unit credit method. The statutory actuarial valuation of the scheme as at 31 December 2001, was recently completed and the scheme was certified by the reporting actuary to be in a sound financial position. The Pension Funds Second Amendment Bill was enacted with effect from 7 December 2001. This Bill requires that the actuarial valuation at 31 December 2001, together with a plan for the apportionment on a fair basis to past and current members of the fund, of any surplus established by this valuation must be approved by the Financial Services Board (FSB). While the valuation has been completed, the apportionment plan, which will determine the entitlement of any party, is currently being developed and neither can as yet be submitted to the FSB. Accordingly, due to the uncertainty regarding entitlement, no surplus has been recognised on the Group's Balance Sheet.

An actuarial valuation of liabilities, based on the existing benefits, carried out as at 31 December 2003 in accordance with AC 116 showed the present value of obligations to be adequately covered by the fair value of the scheme assets.

	Group	
	2003	2002
	Rmillion	Rmillion
Details of the valuation are as follows:		
Fair value of scheme assets	**3 061**	2 736
Present value of obligation	**(2 558)**	(2 215)
	503	521
The reconciliation for the year is as follows:		
Opening balance	**521**	681
Interest costs	**(252)**	(349)
Service costs	**(70)**	(52)
Contributions paid	**59**	52
Expected return on scheme assets	**308**	348
Actuarial losses	**(63)**	(159)
Closing balance	**503**	521
Actual return on scheme assets:	**438**	8
Included in the assets of the scheme are ordinary shares held in The Tongaat-Hulett Group Limited, at fair value	**52**	64
The principal actuarial assumptions are:		
Discount rate	**10,0%**	11,5%
Salary cost inflation	**6,0%**	8,0%
Pension increase allowance	**7,0%**	6,5%
Expected rate of return on assets	**10,0%**	11,5%

Defined contribution pension and provident schemes

There are three Group defined contribution schemes, one of which is located in Swaziland. The latest audited financial statements of these schemes all reflect a satisfactory state of affairs. Contributions of R13 million were expensed during the year (2002 – R12 million).

23. **RETIREMENT BENEFITS** (Rmillion) continued

Post-retirement medical aid benefits

The obligation of the Group to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employee remaining in service until retirement age and completing a minimum service period of ten years. The unfunded liability for post-retirement medical aid benefits is determined actuarially each year and comprises:

	Group		Company	
	2003	2002	**2003**	2002
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**218**	203	**184**	172
Unrecognised actuarial losses	**(7)**	(4)	**(7)**	(2)
Net liability in balance sheet	**211**	199	**177**	170
The liability can be reconciled as follows:				
Net liability at beginning of year	**199**	185	**170**	160
Net expense recognised in income statement	**25**	27	**19**	22
Contributions	**(13)**	(13)	**(12)**	(12)
Net liability at end of year	**211**	199	**177**	170
Amounts recognised in the income statement:				
Service costs	**4**	3	**2**	2
Interest costs	**23**	21	**20**	17
Net actuarial (gains)/losses recognised	**(2)**	3	**(3)**	3
	25	27	**19**	22
The principal actuarial assumptions applied are:				
Discount rate	**10,0%**	11,5%	**10,0%**	11,5%
Health care cost inflation rate	**7,0%**	8,5%	**7,0%**	8,5%

Retirement gratuities

The Group has in the past made payments, on retirement, to eligible employees who have remained in service until retirement, and have completed a minimum service period of ten years. The unfunded liability for retirement gratuities which is determined actuarially each year comprises:

	Group		Company	
	2003	2002	**2003**	2002
Amounts recognised in the balance sheet:				
Present value of unfunded obligations	**48**	46	**43**	42
Unrecognised actuarial losses	**(2)**	(3)	**(2)**	(3)
Net liability in balance sheet	**46**	43	**41**	39
The liability can be reconciled as follows:				
Net liability at beginning of year	**43**	37	**39**	34
Net expense recognised in income statement	**7**	9	**6**	7
Payments made	**(4)**	(3)	**(4)**	(2)
Net liability at end of year	**46**	43	**41**	39
Amounts recognised in the income statement:				
Service costs	**3**	2	**2**	2
Interest costs	**5**	4	**5**	4
Net actuarial (gains)/losses recognised	**(1)**	3	**(1)**	1
	7	9	**6**	7
The principal actuarial assumptions applied are:				
Discount rate	**10,0%**	11,5%	**10,0%**	11,5%
Salary inflation rate	**7,0%**	8,5%	**7,0%**	8,5%

24. SHARE OPTIONS

Details of share options issued in terms of the company's share incentive schemes are as follows:

Option price Rand	Expiring ten years from	Number of options at 31 Dec 2002	Options granted in 2003	Options exercised in 2003	Options forfeited in 2003	Number of options at 31 Dec 2003	Options time constrained
18,33	16 June 1993	107 520		107 520			
28,33	4 March 1994	19 200				19 200	
40,50	20 September 1994	488 020				488 020	
40,00	24 March 1995	97 400				97 400	
33,25	4 November 1998	232 000		1 800	3 000	227 200	
32,90	5 March 1999	1 381 800		3 600	11 400	1 366 800	546 720
40,10	7 May 1999	628 760		1 100	16 420	611 240	244 496
30,00	19 May 2000	202 300		1 600	3 800	196 900	118 140
29,40	26 July 2000	22 300				22 300	13 380
39,85	12 January 2001	134 600			2 000	132 600	106 080
40,00	16 May 2001	1 242 200			49 550	1 192 650	715 590
42,00	15 August 2001	66 000			7 500	58 500	35 100
49,60	13 May 2002	1 335 500			42 250	1 293 250	1 293 250
31,90	14 April 2003		1 315 800		26 400	1 289 400	1 289 400
34,50	1 October 2003		45 000			45 000	45 000
		5 957 600	1 360 800	115 620	162 320	7 040 460	4 407 156

25. DIRECTORS' REMUNERATION AND INTERESTS

Directors' remuneration (R000)

The directors' remuneration for the year ended 31 December 2003 was as follows:

Name	Fees	Salary	Bonus	Travel expense allowances	Retirement and medical contributions	Other benefits	Share option gains	Total
Executive directors:								
D G Aitken	80	946		190	162	178	70	1 626
B G Dunlop	80	1 218		193	207	278	23	1 999
A Fourie	80	948		194	168	198	53	1 641
G R Hibbert	80	787	251	203	140	236	55	1 752
G P N Kruger	80	1 156		187	186	235		1 844
J B Magwaza (to 31 July 2003)	40	518		97	90	967*	84	1 796
M H Munro (from 1 October 2003)	20	227		54	39	76		416
S J Saunders	80	1 005		193	179	212	216	1 885
M Serfontein	80	793		182	152	271		1 478
P H Staude	80	2 200		230	282	593	156	3 541
	700	9 798	251	1 723	1 605	3 244	657	17 978

* Including accrued leave and retirement gratuity.

Bonuses and other benefits are reported on an accrual basis to match the amount payable to the applicable financial year.

25. **DIRECTORS' REMUNERATION AND INTERESTS** continued

Directors' remuneration (R000)

The directors' remuneration for the year ended 31 December 2002 was as follows:

Name	Fees	Salary	Bonus	Travel expense allowances	Retirement and medical contributions	Other benefits	Share option gains	Total
Executive directors:								
D G Aitken	46	810	494	185	135	252		1 922
B G Dunlop	46	930	610	190	155	320		2 251
A Fourie (from 10 May 2002)	25	489	469	126	86	233		1 428
G R Hibbert	46	672	425	168	115	291		1 717
G P N Kruger	46	901	589	188	143	267	152	2 286
J B Magwaza	46	776	477	178	132	246		1 855
S J Saunders	46	881	530	175	150	291		2 073
C M L Savage (to 10 May 2002)	34	656		171	123	2 253*		3 237
M Serfontein	46	669	424	192	125	319		1 775
P H Staude	46	1 524	951	221	201	449		3 392
	427	8 308	4 969	1 794	1 365	4 921	152	21 936

* Including accrued leave and retirement gratuity.

Bonuses and other benefits are reported on an accrual basis to match the amount payable to the applicable financial year.

Name	**2003 Fees**	**2003 Other**	**2003 Total**	2002 Fees	2002 Other	2002 Total
Non-executive directors:						
D D Barber	**80**		**80**	46		46
L Boyd	**80**	**70**	**150**	46	40	86
E le R Bradley	**80**	**135**	**215**	46	78	124
E K Diack (to 26 November 2003)	**80**	**85**	**165**	46	59	105
M W King	**80**	**50**	**130**	46	29	75
J B Magwaza (from 1 August 2003)	**40**		**40**			
M Mia	**80**	**80**	**160**	46	49	95
T H Nyasulu	**80**	**50**	**130**	46	23	69
C M L Savage	**200**	**477**	**677**	96	341	437
R H J Stevens	**80**	**90**	**170**	46	69	115
A M Thompson	**80**		**80**	21		21
Directors retired/resigned				47	88	135
	960	**1 037**	**1 997**	532	776	1 308

Declaration of full disclosure

Other than that disclosed above, no consideration was paid to, or by any third party, or by the company itself, in respect of services of the company's directors, as directors of the company, during the year ended 31 December 2003.

25. **DIRECTORS' REMUNERATION AND INTERESTS** continued

Interest of directors of the company in share capital

The aggregate holdings as at 31 December 2003 of those directors of the company holding issued ordinary shares of the company are detailed below. Holdings are beneficial except where indicated otherwise.

	2003		2002	
Name	**Direct shares**	**Indirect shares**	Direct shares	Indirect shares
Executive directors:				
D G Aitken		**57 300**		52 500
B G Dunlop	**1 440**			
A Fourie	**3 600**			
G R Hibbert	**21 562**		20 562	
G P N Kruger	**205**		205	
S J Saunders		**760 632**		747 672*
S J Saunders (non-beneficial)		**487 376**		487 376*
M Serfontein	**500**	**8 000**	500	8 000
P H Staude	**18 049**		7 249	
	45 356	**1 313 308**	28 516	1 295 548
Non-executive directors:				
E le R Bradley		**104 191**		104 191*
E le R Bradley (non-beneficial)		**20 934**		20 934*
J B Magwaza	**5 760**			
C M L Savage	**24 003**	**73 225**	24 003	73 225
R H J Stevens	**618**		618	
	30 381	**198 350**	24 621	198 350

* Restated

Interest of directors of the company in share options

The interest of the directors in share options of the company are shown in the table below:

Name	Option price Rand	Expiring ten years from	Number of shares at 31 Dec 2002	Options granted during the year	Options exercised during the year	Number of shares at 31 Dec 2003
Executive directors:						
D G Aitken	18,33	16 June 1993	4 800		4 800	
	40,50	20 September 1994	15 600			15 600
	40,00	24 March 1995	6 000			6 000
	33,25	4 November 1998	8 000			8 000
	32,90	5 March 1999	32 000			32 000
	40,10	7 May 1999	10 000			10 000
	30,00	19 May 2000	7 000			7 000
	39,85	12 January 2001	6 000			6 000
	40,00	16 May 2001	20 000			20 000
	49,60	13 May 2002	10 000			10 000
			119 400		4 800	114 600

25. **DIRECTORS' REMUNERATION AND INTERESTS** continued

Interest of directors of the company in share options continued

The interest of the directors in share options of the company are shown in the table below:

Name	Option price Rand	Expiring ten years from	Number of shares at 31 Dec 2002	Options granted during the year	Options exercised during the year	Number of shares at 31 Dec 2003
Executive directors (continued):						
B G Dunlop	18,33	16 June 1993	1 440		1 440	
	40,50	20 September 1994	14 000			14 000
	40,00	24 March 1995	6 000			6 000
	33,25	4 November 1998	8 000			8 000
	32,90	5 March 1999	39 000			39 000
	40,10	7 May 1999	14 000			14 000
	30,00	19 May 2000	7 000			7 000
	39,85	12 January 2001	9 000			9 000
	40,00	16 May 2001	30 000			30 000
	49,60	13 May 2002	25 000			25 000
	31,90	14 April 2003		24 400		24 400
			153 440	24 400	1 440	176 400
A Fourie	18,33	16 June 1993	3 600		3 600	
	40,50	20 September 1994	4 000			4 000
	33,25	4 November 1998	4 000			4 000
	32,90	5 March 1999	18 000			18 000
	40,10	7 May 1999	5 200			5 200
	30,00	19 May 2000	4 000			4 000
	39,85	12 January 2001	2 400			2 400
	40,00	16 May 2001	10 000			10 000
	49,60	13 May 2002	35 000			35 000
	31,90	14 April 2003		40 000		40 000
			86 200	40 000	3 600	122 600
G R Hibbert	18,33	16 June 1993	3 600		3 600	
	40,50	20 September 1994	4 000			4 000
	40,00	24 March 1995	4 000			4 000
	33,25	4 November 1998	8 000			8 000
	32,90	5 March 1999	40 000			40 000
	40,10	7 May 1999	9 000			9 000
	30,00	19 May 2000	4 000			4 000
	39,85	12 January 2001	5 000			5 000
	40,00	16 May 2001	15 000			15 000
	49,60	13 May 2002	15 000			15 000
	31,90	14 April 2003		15 000		15 000
			107 600	15 000	3 600	119 000
G P N Kruger	40,50	20 September 1994	1 800			1 800
	40,00	24 March 1995	8 800			8 800
	33,25	4 November 1998	8 000			8 000
	32,90	5 March 1999	43 000			43 000
	40,10	7 May 1999	14 000			14 000
	30,00	19 May 2000	4 000			4 000
	39,85	12 January 2001	5 000			5 000
	40,00	16 May 2001	20 000			20 000
	49,60	13 May 2002	25 000			25 000
	31,90	14 April 2003		20 000		20 000
			129 600	20 000		149 600

25. **DIRECTORS' REMUNERATION AND INTERESTS** continued

Interest of directors of the company in share options continued

The interest of the directors in share options of the company are shown in the table below:

Name	Option price Rand	Expiring ten years from	Number of shares at 31 Dec 2002	Options granted during the year	Options exercised during the year	Number of shares at 31 Dec 2003
Executive directors (continued):						
+ M H Munro	40,50	20 September 1994	8 400			8 400
	33,25	4 November 1998	4 000			4 000
	32,90	5 March 1999	14 000			14 000
	40,10	7 May 1999	5 800			5 800
	30,00	19 May 2000	3 800			3 800
	39,85	12 January 2001	2 400			2 400
	40,00	16 May 2001	9 000			9 000
	49,60	13 May 2002	11 500			11 500
	31,90	14 April 2003		12 400		12 400
	34,50	1 October 2003		30 000		30 000
			58 900	42 400		101 300
S J Saunders	18,33	16 June 1993	12 960		12 960	
	40,50	20 September 1994	18 000			18 000
	40,00	24 March 1995	6 000			6 000
	33,25	4 November 1998	8 000			8 000
	32,90	5 March 1999	30 000			30 000
	40,10	7 May 1999	14 000			14 000
	30,00	19 May 2000	5 000			5 000
	39,85	12 January 2001	5 000			5 000
	40,00	16 May 2001	18 000			18 000
	49,60	13 May 2002	18 000			18 000
	31,90	14 April 2003		18 000		18 000
			134 960	18 000	12 960	140 000
M Serfontein	40,50	20 September 1994	24 000			24 000
	40,00	24 March 1995	6 000			6 000
	33,25	4 November 1998	8 000			8 000
	32,90	5 March 1999	28 000			28 000
	40,10	7 May 1999	10 000			10 000
	30,00	19 May 2000	5 000			5 000
	39,85	12 January 2001	5 000			5 000
	40,00	16 May 2001	15 000			15 000
	49,60	13 May 2002	15 000			15 000
	31,90	14 April 2003		20 000		20 000
			116 000	20 000		136 000
P H Staude	18,33	16 June 1993	10 800		10 800	
	40,50	20 September 1994	4 000			4 000
	40,00	24 March 1995	4 000			4 000
	33,25	4 November 1998	10 000			10 000
	32,90	5 March 1999	49 000			49 000
	40,10	7 May 1999	14 000			14 000
	30,00	19 May 2000	7 000			7 000
	39,85	12 January 2001	9 000			9 000
	40,00	16 May 2001	30 000			30 000
	49,60	13 May 2002	65 000			65 000
	31,90	14 April 2003		30 000		30 000
			202 800	30 000	10 800	222 000

25. **DIRECTORS' REMUNERATION AND INTERESTS** continued

Interest of directors of the company in share options continued

The interest of the directors in share options of the company are shown in the table below:

Name	Option price Rand	Expiring ten years from	Number of shares at 31 Dec 2002	Options granted during the year	Options exercised during the year	Number of shares at 31 Dec 2003
* Non-executive directors:						
J B Magwaza	18,33	16 June 1993	5 760		5 760	
	40,50	20 September 1994	36 000			36 000
	40,00	24 March 1995	4 800			4 800
	33,25	4 November 1998	7 000			7 000
	32,90	5 March 1999	30 000			30 000
	40,10	7 May 1999	10 000			10 000
	30,00	19 May 2000	5 000			5 000
	39,85	12 January 2001	4 000			4 000
	40,00	16 May 2001	20 000			20 000
	49,60	13 May 2002	10 000			10 000
			132 560		5 760	126 800
C M L Savage	32,90	5 March 1999	60 000			60 000
	40,10	7 May 1999	50 000			50 000
	39,85	12 January 2001	8 000			8 000
	40,00	16 May 2001	22 000			22 000
			140 000			140 000
Total			1 381 460	209 800	42 960	1 548 300

\+ New appointment. Existing options were added to the opening balance.
* The non-executive directors' share options were awarded when they were executive directors.

26. **GUARANTEES AND CONTINGENT LIABILITIES** (Rmillion)

	Group 2003	Group 2002	Company 2003	Company 2002
Guarantees in respect of obligations of the Group and third parties	**20**	28	**14**	21
Contingent liabilities	**23**	16	**5**	1
	43	44	**19**	22

27. **LEASES** (Rmillion)

	Group 2003	Group 2002	Company 2003	Company 2002
Amounts payable under finance leases				
Minimum lease payments due:				
Not later than one year	**3**	5		
Later than one year and not later than five years	**5**	8		
Later than five years	**1**	2		
	9	15		
Less: future finance charges	**(2)**	(4)		
Present value of lease obligations	**7**	11		
Payable:				
Not later than one year	**2**	3		
Later than one year and not later than five years	**4**	6		
Later than five years	**1**	2		
	7	11		
Operating lease commitments, amounts due:				
Not later than one year	**21**	13	**20**	11
Later than one year and not later than five years	**38**	18	**26**	16
Later than five years		13		2
	59	44	**46**	29
In respect of:				
Property	**36**	28	**23**	14
Plant and machinery	**4**	2	**4**	2
Other	**19**	14	**19**	13
	59	44	**46**	29

28. **CAPITAL EXPENDITURE COMMITMENTS** (Rmillion)

	Group 2003	Group 2002	Company 2003	Company 2002
Contracted	**46**	90	**21**	54
Approved but not contracted	**85**	221	**46**	56
	131	311	**67**	110

Funds to meet this future expenditure will be provided from retained net cash flows and established facilities.

29. **RELATED PARTY TRANSACTIONS** (Rmillion)

During the year, the Group, in the ordinary course of business, entered into various related party sales, purchases and investment transactions, in the main, with companies in the Anglo American plc group. These transactions occurred under terms that are no less favourable than those arranged with third parties.

The outstanding balances at year end are as follows:

	Group 2003	Group 2002	Company 2003	Company 2002
Included in:				
Accounts receivable	**9**	7	**9**	7
Accounts payable	**1**		**1**	
Borrowings	**1**	1	**1**	1

30. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist primarily of cash deposits with banks, unlisted investments, derivatives, accounts receivable and payable, and loans to and from associates and others. Derivatives and investments, other than investments which are accounted for as subsidiaries, joint ventures and associates, are carried at fair value. All other financial instruments are carried at cost or amortised cost.

In the normal course of its operations, the Group is inter alia exposed to credit, foreign currency, interest, liquidity and commodity price risk. In order to manage these risks, the Group may enter into transactions, which make use of derivatives. They include forward exchange contracts (FEC's) and options, interest rate swaps and commodity futures and options. Separate committees are used to manage the risks and the hedging activities of the Group. The Group does not speculate in or engage in the trading of derivative instruments. Since the Group utilises derivative instruments for risk management, market risk relating to derivative instruments will be offset by changes in the valuation of the underlying assets, liabilities or transactions being hedged.

Credit risk

The Group's financial instruments do not represent a concentration of credit risk because the Group deals with a variety of major banks, and its debtors and loans are spread among a number of major industries, customers and geographic areas. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. In addition, appropriate credit committees review significant credit transactions before consummation. An appropriate level of provision is maintained.

Foreign currency risk

In the normal course of business, the Group enters into transactions denominated in foreign currencies. As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. The Group uses a variety of instruments to minimise foreign currency exchange rate risk in terms of its risk management policy. In principle it is the Group's policy to cover its foreign currency exposure in respect of liabilities and purchase commitments and to cover up to 50 percent of its foreign currency exposure on receivables. There were no speculative positions in foreign currencies at year end. All foreign exchange contracts are supported by underlying transactions. The Group is not reliant on imported raw materials to any significant extent.

The Group's forward exchange contracts that constitute designated hedges of currency risk at year end are summarised as follows:

	Group				Company			
			2003	2002			**2003**	2002
	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	**Fair value of FEC (Rmillion)**	Fair value of FEC (Rmillion)
Imports								
Euro	8,49	11						
US dollars	6,51	3						
UK pounds	12,00	1						
		15						
Exports								
Euro	8,67	22		1	8,20	2		
US dollars	7,43	250	**9**	35	6,74	85	**10**	24
		272	**9**	36		87	**10**	24
Loan capital payments and interest								
US dollars	8,68	246	**(43)**	(122)				
Net total		533	**(34)**	(86)		87	**10**	24

The hedges in respect of imports and exports are expected to mature within approximately one year. The hedges in respect of the capital payments and interest on the loan will mature during 2004 and 2005.

The fair value is the estimated amount that the Group would pay or receive to terminate the forward exchange contracts at the balance sheet date.

The Group's forward exchange contracts that do not constitute designated hedges of currency risk at year end are summarised as follows:

	Group				Company			
	Average contract rate	Commitment (Rmillion)	**2003 Fair value of FEC (Rmillion)**	2002 Fair value of FEC (Rmillion)	Average contract rate	Commitment (Rmillion)	**2003 Fair value of FEC (Rmillion)**	2002 Fair value of FEC (Rmillion)
Imports								
Australian dollars	4,94	2		(1)	4,94	2		(1)
Euro	8,65	4		(2)	8,65	4		(2)
US dollars	6,98	1			6,98	1		
		7		(3)		7		(3)
Exports								
Australian dollars	4,75	7	**(1)**		4,75	7	**(1)**	
US dollars	6,48	9		1	6,48	9		1
		16	**(1)**	1		16	**(1)**	1
Net total		23	**(1)**	(2)		23	**(1)**	(2)

The Group has the following uncovered foreign receivables:

	Group			Company		
	Foreign amount (million)	**2003 (Rmillion)**	2002 (Rmillion)	Foreign amount (million)	**2003 (Rmillion)**	2002 (Rmillion)
US dollars	10	**64**	101	1	**2**	1
Mozambique meticais	56 398	**16**	20	56 398	**16**	20
Euro	3	**22**	15			
UK pounds	1	**8**	10			
Australian dollars			5			5
		110	151		**18**	26

Commodity price risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the prices of commodities. To hedge prices for the Group's substantial commodity requirements, commodity futures and options are used, including fixed and spot-defined forward sales contracts and call and put options.

Tongaat-Hulett Sugar secures the premium on refined sugar exports from fluctuating international prices by using commodity futures.

African Products has secured its maize requirements for the current maize season to 31 May 2004 and a significant portion of its requirements for the year ending 31 May 2005 by means of fixed price contracts and futures.

Hulett Aluminium purchases its aluminium raw material at prices that fluctuate with movements in the London Metal Exchange price for aluminium and the Rand/US dollar exchange rate. The exposure to movements in the price of aluminium arising from fixed price sales contracts is hedged by entering into fixed price purchase contracts with suppliers and by futures and options contracts.

30. **FINANCIAL RISK MANAGEMENT** continued

At the year end the commodity futures and options contracts were:

Options:

	Group				Company			
	Tons	Strike price per ton (Rand)	**2003 Fair value (Rmillion)**	2002 Fair value (Rmillion)	Tons	Strike price per ton (Rand)	**2003 Fair value (Rmillion)**	2002 Fair value (Rmillion)
Aluminium calls bought	7 650	11 673						
Maize				(12)				(12)
				(12)				(12)

Futures - hedge accounted:

	Group				Company			
	Tons	Contract value (Rmillion)	**2003 Fair value (Rmillion)**	2002 Fair value (Rmillion)	Tons	Contract value (Rmillion)	**2003 Fair value (Rmillion)**	2002 Fair value (Rmillion)
Raw sugar futures purchased	19 800	20	**(1)**		19 800	20	**(1)**	
Raw sugar futures sold	29 812	40	**2**		29 812	40	**2**	
Aluminium futures sold	7 500	72	**(8)**					
Maize futures purchased	3 600	4		(11)	3 600	4		(11)
			(7)	(11)			**1**	(11)

Futures - not hedge accounted:

	Group				Company			
	Tons	Contract value (Rmillion)	**2003 Fair value (Rmillion)**	2002 Fair value (Rmillion)	Tons	Contract value (Rmillion)	**2003 Fair value (Rmillion)**	2002 Fair value (Rmillion)
Maize futures purchased	165 200	161	**33**		165 200	161	**33**	
Less: settled in cash (margin calls)			**(33)**				**(33)**	

Other embedded derivatives:

	Group				Company			
	Tons	Contract value (Rmillion)	**2003 Fair value (Rmillion)**	2002 Fair value (Rmillion)	Tons	Contract value (Rmillion)	**2003 Fair value (Rmillion)**	2002 Fair value (Rmillion)
Maize trader contracts				(24)				(24)

Interest rate risk

The Group is exposed to interest rate price risk on its fixed rate loan liabilities and accounts receivable and payable, which can impact on the fair value of these instruments. The Group is exposed to interest rate cash flow risk in respect of its variable rate loans and short term cash investments, which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed using derivatives, where it is considered appropriate, and through the Group cash management system, which enables the Group to maximise returns while minimising risks.

Liquidity risk

The Group manages its liquidity risk by monitoring forecast cash flows on a weekly basis. The Group has unutilised committed banking facilities of R799 million (2002 - R930 million).

31. CHANGE IN ACCOUNTING POLICY (Rmillion)

Restatement of comparatives

The Group has implemented an accounting policy for the recognition of maize purchase commitments that are considered to be constructive obligations. Maize that relates to such constructive obligation is recognised as inventory, the related liability is recognised as a current liability and to the extent that the final purchase price includes a financing element, this is recognised as interest over the period of the obligation. The implementation of the change in accounting policy has resulted in comparative figures being restated as follows:

Balance Sheet	Group	Company
Equity as previously reported	4 567	2 881
Cumulative effect of change in accounting policy	(16)	(16)
Increase in maize inventory	424	424
Increase in current liability	(446)	(446)
Decrease in deferred tax	6	6
Adjusted equity at 1 January 2003	4 551	2 865
Cumulative effect of change in accounting policy analysed as:		
Decrease in retained earnings for 2002	(13)	(13)
Decrease in earnings for prior years	(3)	(3)
	(16)	(16)

Income Statement	Group	Company
Total net earnings as previously reported	401	527
Increase in underlying operating profit	16	16
Increase in finance cost	(34)	(34)
Decrease in deferred tax	5	5
Adjusted total net earnings	388	514

32. PRINCIPAL SUBSIDIARY COMPANIES AND JOINT VENTURES (Rmillion)

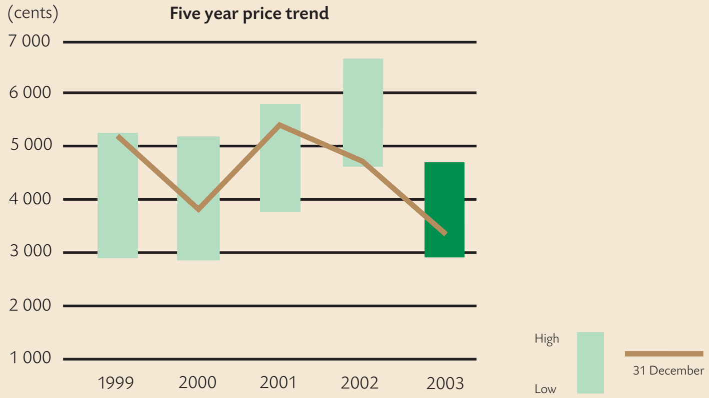
	Interest of Holding Company			
	Shares		Indebtedness	
	2003	2002	**2003**	2002
African Products (Pty) Limited	**15**	15	**(15)**	(15)
* Hulett Aluminium (Pty) Limited (50%)	**7**	7	**345**	57
Hulett-Hydro Extrusions (Pty) Limited (35%)				
Moreland Estates (Pty) Limited			**54**	173
Tongaat-Hulett Sugar Limited	**422**	333	**34**	19
Tambankulu Estates Limited (Swaziland)				
Açucareira de Mocambique, SARL (Mozambique) (75%)				
+ Triangle Sugar Corporation Limited (Zimbabwe)				
The Tongaat Group Limited	**54**	54	**3**	(4)
	498	409	**421**	230

* Joint Venture + Not consolidated

Except where otherwise indicated, effective participation is 100 percent.
A full list of all subsidiaries and joint ventures is available from the group secretary on request.

Number of shareholders	Spread	Shares held	% Held
5 063	1 - 1 000 shares	1 811 711	1,79
1 869	1 001 - 10 000 shares	5 807 539	5,72
278	10 001 - 100 000 shares	9 407 655	9,27
68	100 001 - 1 000 000 shares	15 256 489	15,04
11	more than 1 000 000 shares	69 184 023	68,18
7 289	Total	101 467 417	100,00
	Category		
95	Banks	11 304 989	11,14
94	Close Corporations	428 802	0,42
49	Endowment Fund	388 776	0,38
5 303	Individuals	8 205 962	8,09
20	Insurance Companies	649 917	0,64
16	Investment Companies	4 897 800	4,83
23	Limited Companies	304 441	0,30
2	Medical Aid Schemes	26 674	0,03
111	Mutual Funds	7 568 856	7,46
1 188	Nominees and Trusts	4 526 816	4,46
67	Other Corporations	169 745	0,17
119	Pension Funds	8 164 584	8,04
202	Private Companies	54 830 055	54,04
7 289	Total	101 467 417	100,00
	Type of shareholder		
7 263	Public	43 909 798	43,27
26	Non-public	57 557 619	56,73
7 289	Total	101 467 417	100,00
	Analysis of non-public shareholders		
12	Directors	1 587 395	1,57
11	Associates of directors	1 047 479	1,03
2	Pension and Provident Funds	1 265 145	1,25
1	Holding company	53 657 600	52,88
26	Total	57 557 619	56,73
	Shareholdings over five percent		
	Anglo South Africa Capital (Pty) Limited	53 657 600	52,88

Share Price Performance



SHAREHOLDERS' DIARY

Financial year end	31 December
Annual general meeting	April
Reports and profit statements:	
Interim report	July
Profit announcement and final dividend declaration	February
Annual financial statements	March

Dividends:		
Interim	Declared	July
	Paid	September
Final	Declared	February
	Paid	March

CORPORATE INFORMATION

Registration number: 1892/000610/06
Share code: TNT
Issuer code: THGL
ISIN number: ZAE 000007449

Group Secretary

M A Kennedy (62)
Employed 1973,
Appointed group secretary 1995

Business and Postal Address

Amanzimnyama Hill
Tongaat
KwaZulu-Natal
P O Box 3
Tongaat 4400

Telephone (032) 439 4000
Facsimile (032) 945 3333
Website: www.tongaat.co.za
E-mail: info@tongaat.co.za

Bankers

First National Bank of Southern Africa Limited

Nedcor Bank Limited

The Standard Bank of South Africa Limited

ABSA Bank Limited

Attorneys

Cox Yeats

Garlicke & Bousfield

Shepstone & Wylie

Taback & Associates

Auditors

Deloitte & Touche

Securities Exchange Listings

South Africa (Primary):
JSE Securities Exchange South Africa

United Kingdom (Secondary):
London Stock Exchange

Transfer Secretaries

South Africa:
Computershare Limited
P O Box 61051
Marshalltown 2107

United Kingdom:
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Sponsor

HSBC Investment Services (Africa) (Pty) Limited
HSBC Place
6 – 9 Riviera Road
Houghton
2198

Notice is hereby given that the one hundred and twelfth annual general meeting of shareholders will be held at the Corporate Office, Amanzimnyama Hill, Tongaat, on Wednesday 21 April 2004 at 09h00 for the following purposes:

1. To receive and consider the annual financial statements of the company and of the Group for the year ended 31 December 2003.

2. To elect directors in place of Messrs D D Barber, P M Baum, I Botha, B G Dunlop, G P N Kruger, M H Munro, S J Saunders and Mrs T H Nyasulu who retire in accordance with the articles of association and who, being eligible, offer themselves for re-election. Details of each of these retiring directors are set out on pages 36 and 37 of this Annual Report.

3. To consider and, if deemed fit, to pass, with or without modification, the following special and ordinary resolutions:

Special Resolution Number 1

"Resolved as a special resolution that:

(a) the acquisition by the company of shares or debentures ("securities") issued by it on such terms and conditions as the directors of the company may deem fit; and

(b) the acquisition by any subsidiary of the company of securities issued by the company on such terms and conditions as the directors of any such subsidiary may deem fit;

be and it is hereby approved as a general approval in terms of sections 85 and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended and in terms of the listing requirements of the JSE Securities Exchange South Africa ("JSE"); provided that:

(1) such general approval shall be valid only until the next annual general meeting of the company or the expiry of a period of 15 months from the date of this resolution, whichever occurs first, or until varied or revoked prior thereto by special resolution at any general meeting of the company;

(2) such acquisitions may not be made at a price greater than ten percent above the weighted average of the market value for the securities on the JSE for the five business days immediately preceding the date on which the transaction for the acquisition is effected. The JSE should be consulted for a ruling if the company's securities have not traded in such five business day period;

(3) the acquisitions being effected through the order book operated by the JSE trading system;

(4) the company appoints, at any point in time, only one agent to effect any acquisition(s) on the company's behalf;

(5) the company complies with the shareholders' spread requirements in terms of the JSE Listings Requirements;

(6) acquisitions will not be undertaken by the company or its subsidiaries during a prohibited period, as defined by the JSE Listings Requirements;

(7) when the company and/or its subsidiaries have cumulatively repurchased three percent of the initial number (the number of that class of shares in issue at the time that general authority from shareholders is granted) of the relevant class of securities, and for each three percent in aggregate of the initial number of that class acquired thereafter, a press announcement must be made giving the details required in terms of the listing requirements of the JSE, in respect of such acquisitions;

(8) the company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listing Requirements, prior to the commencement of any purchase of the company's shares on the open market;

(9) this authority will be used if the directors consider that it is in the best interests of the company and shareholders to effect any such acquisitions having regard to prevailing circumstances and the

cash resources of the company at the relevant time."

The general information regarding the company, referred to in paragraph 11.26(b) of the JSE Listings Requirements, is contained elsewhere in this annual report as follows:

a. Directors of the company (See pages 36 and 37)
b. Major shareholders (See page 76)
c. Directors' interests in the company's securities (See page 67)
d. Share capital (See page 58)

There have been no material changes since 31 December 2003.

The company is not a party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors (whose names appear on pages 36 and 37 of this annual report) collectively and individually accept full responsibility for the accuracy of the information given and certify, that to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the circular (this notice of the annual general meeting) contains all information required by law and the JSE Listings Requirements.

The reason for special resolution number 1, if passed, is to provide a general approval in terms of sections 85 and 89 of the Companies Act and the listings requirements of the JSE for the acquisition by the company and its subsidiaries of shares issued by the company. The effect of special resolution number 1 is to provide a general authority for the company and its subsidiaries to acquire shares issued by it in accordance with the provisions of sections 85 and 89 of the Companies Act.

Ordinary Resolution Number 1

"Resolved as an ordinary resolution that the directors be and they are hereby authorised and empowered to do all such things and sign all such documents and procure the doing of all such things and the signature of all such documents as may be necessary or incidental to give effect to the approval granted in terms of special resolution number 1."

Ordinary Resolution Number 2

"Resolved as an ordinary resolution that the unissued shares in the capital of the company (other than the shares reserved for the purposes of The Tongaat-Hulett Employees Share Incentive Scheme and The Tongaat-Hulett Group Limited 2001 Share Option Scheme) be and they are hereby placed under the control of the directors of the company who are hereby authorised to allot and issue such shares at their discretion upon such terms and conditions as they may determine, subject to the provisions of the Companies Act 1973, as amended, and the rules and regulations of the JSE."

Ordinary Resolution Number 3

"Resolved as an ordinary resolution that subject to the passing of ordinary resolution number 2 and the approval of a 75 percent majority of the votes cast by shareholders present in person or represented by proxy at the annual general meeting at which this resolution is proposed and the requirements of the JSE, the directors of the company be and are hereby authorised and empowered to allot and issue for cash, without restriction, all or any of the unissued shares in the capital of the company placed under their control in terms of ordinary resolution number 2 as they in their discretion may deem fit; provided that:

(a) this authority shall not extend beyond 15 months from the date of this annual general meeting;

(b) a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within one financial year, five percent or more of the number of ordinary shares of the company's issued ordinary share capital in issue prior to such issues provided further that such issues shall not in any one financial year period exceed 15 percent of the company's issued ordinary share capital; and

(c) in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted shall be ten percent of the weighted average traded price of the shares in question over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors. The JSE should be consulted for a ruling if the company's securities have not traded in such 30 business day period."

Ordinary Resolution Number 4

Resolved as an ordinary resolution that the proposed fees, set out below, payable to directors for their services as directors on the board and on board committees for the period commencing 1 April 2004, as recommended by the Remuneration Committee and the board, be and are hereby approved.

Proposed Directors' Fees with effect from 1 April 2004

Type of fee	Existing fees R	Proposed fees from 1 April 2004 R
Group Board:		
Chairman	200 000 pa	220 000 pa
Directors	80 000 pa	100 000 pa
Non-Executive Directors:		
Operating Company Boards	50 000 pa	50 000 pa
Audit and Compliance Committee:		
Chairman	100 000 pa	100 000 pa
Members	50 000 pa	50 000 pa
Remuneration Committee:		
Chairman	70 000 pa	70 000 pa
Members	35 000 pa	35 000 pa
Employment Equity Committee	30 000 pa	30 000 pa

4. To transact such other business as may be transacted at a general meeting.

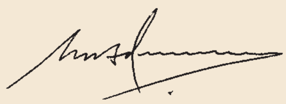
Voting

Any shareholder who holds certificated ordinary shares in the company or who holds dematerialised ordinary shares in the company through a Central Securities Depository Participant ("CSDP") and who has selected "own name" registration, may attend, speak and vote at the annual general meeting or may appoint any other person or persons (none of whom need be a shareholder) as a proxy or proxies, to attend, speak and vote at the annual general meeting in such shareholder's stead.

Should any shareholder who holds dematerialised ordinary shares in the company and has not selected "own name" registration, wish to attend, speak and vote at the annual general meeting, such shareholder should timeously inform his CSDP for the purposes of obtaining the necessary letter of representation from such shareholder's CSDP or broker to attend the annual general meeting or timeously provide such shareholder's CSDP or broker with such shareholder's voting instruction in order for the CSDP or broker to vote on such shareholder's behalf at the annual general meeting.

A proxy form is enclosed for use by shareholders holding certificated ordinary shares in the company or dematerialised ordinary shares in the company through a CSDP or broker and who has selected "own name" registration. Such proxy form, duly completed should be forwarded to reach the transfer secretaries of the company, by no later than 09h00 on Monday, 19 April 2004. The completion of a proxy form will not preclude a member from attending the meeting.

By order of the board



M A Kennedy
Group Secretary

Amanzimnyama
Tongaat, KwaZulu-Natal

20 February 2004

The Tongaat-Hulett Group Limited

Registration No. 1892/000610/06

FORM OF PROXY FOR ANNUAL GENERAL MEETING

Note: All beneficial shareowners who have dematerialised their shares through a CSDP or broker, other than those which are in "own name", must NOT COMPLETE THIS FORM.

Instead, they must either provide the CSDP or broker with their voting instructions, or alternatively, should they wish to attend the meeting themselves, they may request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and the CSDP or broker.

A member entitled to attend and vote at the meeting mentioned below is entitled to appoint a proxy to attend, speak and, on a poll, to vote in his stead. A proxy need not be a member of the company.

I / We ....

(Name in block letters)

of ....

(Address in block letters)

being the holder/s of .... ordinary shares in The Tongaat-Hulett Group Limited do hereby appoint

....

or failing him, Mr C M L Savage or failing him, Mr P H Staude as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to be held at 09h00 on Wednesday, 21 April 2004 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, at each adjournment thereof and to vote on the resolutions in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions:

Proposed resolution	For	Against	Abstain
Adoption of financial statements			
Re-election of directors:			
D D Barber			
P M Baum			
I Botha			
B G Dunlop			
G P N Kruger			
M H Munro			
T H Nyasulu			
S J Saunders			
Special Resolution number 1			
Ordinary Resolution number 1			
Ordinary Resolution number 2			
Ordinary Resolution number 3			
Ordinary Resolution number 4			

Signed this ....day of 2004

Signature ....

Completed Forms of Proxy must be received at the office of the company's transfer secretaries by not later than 09h00 on Monday, 19 April 2004. South Africa: Computershare Limited, 70 Marshall Street, Marshalltown, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107). United Kingdom: Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

THE TONGAAT-HULETT GROUP LIMITED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The Tongaat-Hulett Group Limited